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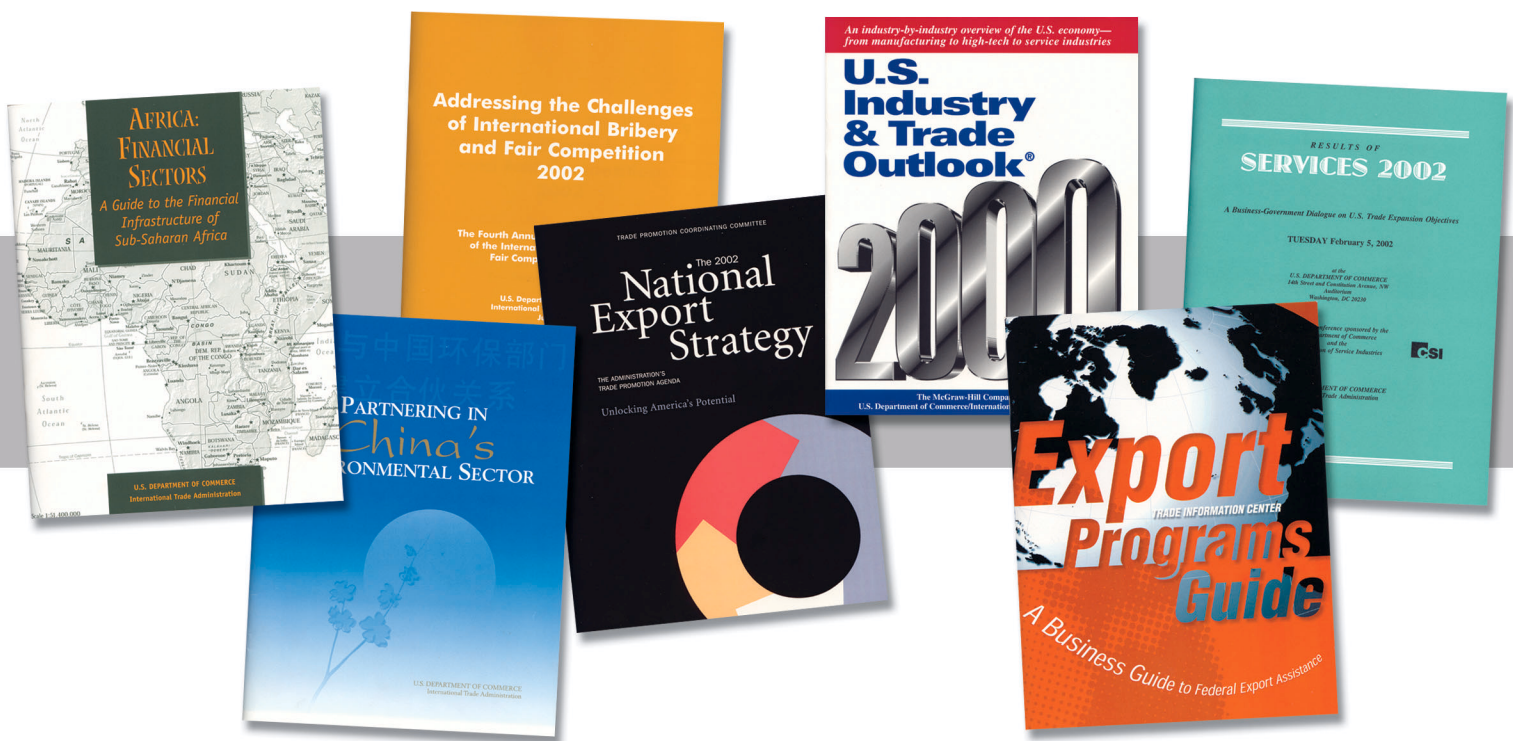
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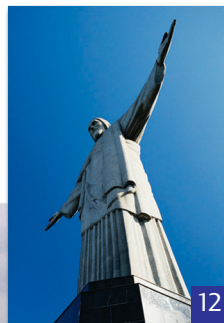
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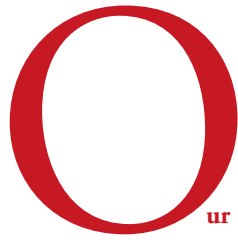


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MEMO



ur quest for knowledge and education is enduring.

Philosophers, such as Socrates, Aristotle, and Plato debated theories governing the possibility of reliable and objective knowledge. Aristotle suggested that almost all knowledge is derived from experience.

From our infancy, we learn a range of skills from language and emotional expression to social interaction and complex problem solving. Nature-nurture theories of development have found balance in the idea that environment and biology equally affect how we learn.

Modes of learning are transformed with the global spread of technology. Training takes place simultaneously via videoconferencing, on-line courses, and Webcasts. While the methods of delivery may be achieved through high technology, the information is still basic. U.S. training and education firms are providing knowledge to consumers from Argentina to Zimbabwe and everywhere in between.

Exporting education and training services is the topic of our feature this month. Jennifer Moll describes how U.S. education and training exports are satisfying a

global demand for knowledge. The number of international students studying at American educational institutions, both within and outside of the United States, is growing between 5 and 7 percent per year. Additionally, there are several success stories of smaller firms securing overseas training contracts.

Educating business about the exporting process is our hope with a revival of an old *Business America* column, On DEC, where we focus on how District Export Councils help local firms achieve their exporting goals. A profile of Costa Rica as an entry to Latin America in Market in Brief teaches us the ins and outs of doing business in this key market. In News From Commerce, Tim Miles educates us on the Brazilian information technology market.

Next month, we look at the changes taking place in the aerospace industry and assess the results of the trade promotion authority. Until then, good luck in your exporting endeavors, and send all comments to us at export_america@ita.doc.gov.

Cory Churches
Editor



GLOBAL NEWS LINE

AFGHANISTAN

The first meeting of the trilateral steering committee (of Afghanistan, Pakistan, and Turkmenistan), formed to implement the intergovernmental agreement on the construction of a trans-Afghan gas pipeline (TAGP), was held in Ashgabat on July 9–10, 2002. During the meeting, the Asian Development Bank (ADB) announced that it would finance a feasibility study of the TAGP and serve as a strategic partner in the development of the project. The ADB hopes to select a contractor to research and draft the study by December 2002, with completion due in May 2003. The ADB-funded feasibility study will also examine an oil pipeline from Turkmenistan to the Pakistani seaport of Gwadar. The next meeting of the steering committee has been scheduled for September 20 in Kabul. The steering committee indicated that companies interested in participating in the project would be welcome to attend the Kabul meeting. Companies interested in more information on the TAGP may contact the Turkmen government through Kurbannazar Nazarov, minister of oil and gas (tel: +993-12-35-35-31/35-58-94; fax: +993-12-51-04-43/39-38-21). Companies wishing to contact either the Afghan or Pakistani ministers can get contact information from the American embassies in Kabul and Islamabad, respectively. Companies interested in attending the September 20 meeting in Kabul or conducting the feasibility study may contact the Asian Development Bank through Rajiv Kumar, principal economist in the operations coordination division of the east and central Asia department (tel: +632-632-6656/632-5709; fax: +632-636-2387/636-2400). The Asian Development Bank may also be contacted at www.adb.org.

THAILAND

Historically, Thailand has been a solid medium-sized market for U.S. manufacturers of electric power equipment, open to imported products. Since

1997 and the impact of the Asian financial crisis, growth in Thailand's national demand for electric power has slowed, which in turn has restricted demand for new generation equipment. However, demand for repair and replacement parts still constitutes a \$1.8 billion market annually, with imports from U.S. firms representing 8 percent of the market, against stiff competition from Japanese and European manufacturers.

Thailand is currently deregulating its power generation and distribution industry, and given the aging of existing installed equipment, as well as prospects for stronger economic growth, we anticipate some growth in market opportunities for U.S. firms in the near to medium term. In addition, as a rise in electricity demand will likely stimulate some construction of new generation facilities, prospects for sales to both government and new private sector producers should increase. Best sales potential in Thailand is for generators and parts; transmission lines and systems; equipment for substations and terminal stations; power poles and high voltage distribution lines; and connectors, switches and control components.

The continuing expansion of Thailand's vehicle market, at a projected growth rate of 20 percent per annum over the next few years, offers potential for American exporters of automotive accessories. One-ton pickups, compact passenger cars, and sport utility vehicles are the three most promising segments because of market size, growth potential, and market propensity for accessories.

Annual vehicle sales in Thailand are expected to surpass the pre-crisis peak of 600,000 units by 2005, based on 2001 sales of 297,056 units, and an annual growth rate of 20 percent. Locally assembled Japanese makes have captured more than 90 percent of the market. In fact, the five major players in the market, Toyota, Isuzu, Honda, Nissan,

and Mitsubishi, have a combined 85 percent market share. Mazda is also active, to a lesser degree. One-ton pickups are the largest segment (55 percent), followed by passenger cars (35 percent) and sport utility vehicles (3.8 percent).

Best prospects for U.S. exports of automotive accessories in Thailand can be found in the following categories: accessories for sport utility vehicles, racing and performance products, suspension systems, and tinted film.

SOUTH KOREA

According to the Korean National Statistical Office (NSO), South Korea's consumer confidence rebounded in 2002 to reach its highest level since November 1998. NSO figures show that in 2001, the average monthly income of urban salaried workers' households was up 11.8 percent, to \$2,084. During the same period, the average monthly spending of urban salaried workers on goods and services increased by 9.4 percent, to \$1,386. With South Korea's sustained economic growth since 1999 and its low inflation, currently at 4 percent, the continued expansion in Korean consumer spending offers great opportunities for U.S. jewelry exporters. Furthermore, South Korea's jewelry market will also offer greater long-term opportunities for exporters because of consumers' growing demand for jewelry as fashion items, as well as their use as wedding gifts, and newly evolving jewelry distribution channels.

BRAZIL

The Brazilian market for water treatment equipment and services in 2001 was projected at \$1.6 billion, of which \$315 million was imports. Imports from the United States were estimated at \$94.5 million. The United States is the leading exporter of water treatment equipment and services to Brazil and holds 30 percent of the import market. The market is expected to grow by 8 to 10 percent per year in the next five years.

Although Brazil holds about 8 percent of the Earth's fresh water reserves, the reserves are not evenly distributed within the country. About 80 percent of Brazil's fresh water reserves are in the Amazon basin, where only 5 percent of Brazil's population lives. The water availability in northeast Brazil is only 1,500 cubic meters per inhabitant per year, which according to U.N. parameters is at a critical level.

According to the water resources policy coordinator of the National Water Agency (ANA), about 70 percent of the river basins in Brazil, located from the northeastern state of Sergipe to the southern state of Rio Grande do Sul, are highly polluted. Major causes of water pollution in Brazil are non-treated residential sewage, inappropriate soil use and disposal of industrial waste, use of pesticides and fertilizers, and deforestation and mining.

The industrial sector is an important market for effluent treatment systems. According to the U.S. consulting company CG/LA Infrastructure, investments in effluent and industrial water treatment in Latin America will reach \$2.2 billion in the next three years, of which \$1.1 billion will be invested in Brazil.

SPAIN

The Spanish defense industry has been in a period of contraction and reorganization similar to the United States, thus limiting the number and size of immediate opportunities to sell U.S. defense equipment. However, Spanish interest in and respect for American-made defense items remains high. U.S. firms should consider this hiatus as an opportunity to lay the groundwork for potential sales in the future, when the Spanish budgetary situation improves and military requirements are clearer.

In the last decade, the Spanish defense industry has undergone profound transformations. These changes have not only generated a new industrial panorama but have also created new relationships between governments and industries. There are many opportunities arising from both public and

private sector projects in which Spanish firms would welcome partnerships with U.S. high-technology defense companies. For example, Spain's heavy investment in infrastructure projects will present major opportunities for U.S. defense electronics manufacturers. In the past, public firms dominated the defense sector, but, with the Spanish government having promoted privatization, private firms now have the upper hand.

In 1999, after four years of significant growth of Spanish defense materiel exports, industrial sales dropped 2 percent, to \$150 million. The growth of Spanish defense imports dropped 6.3 percent, to \$407 million. Despite the decrease in the volume of Spanish exports and imports, concern is minimal considering that the numbers are superior to those registered during the crisis that negatively affected this sector in the first half of the 1990s.

SWEDEN

The Swedish market for safety and security equipment and services has grown significantly in recent years. The total revenue in 2001 was approximately \$2.4 billion, and growth in 2002 is expected to be approximately 25 percent. Although the demand for security solutions had already been growing due to increased prosperity and changing society, the events of September 11 changed the whole concept of security and added a more tangible threat of both conventional and cyber terrorism as well as nuclear, chemical, and biological attacks. In addition to the security issues already under constant development, concerns such as business continuity planning, airport and official building security, and protection against biological agents have grown in importance.

A few large companies that offer tailor-made solutions and services to both corporate and private customers dominate the market. All have grown through acquisitions from relatively small local firms into large international conglomerates. Good examples are Assa Abloy on the mechanical

protection side, and Securitas and Falk that do services and installations.

The guard services sector is the fastest-growing one, while the IT security sector has the largest revenue. Domestic companies have a strong hold of the market in all the subsectors, though U.S. companies, products, and services enjoy a good reputation in the Swedish security market. Third-country competitors come from other EU countries, such as the United Kingdom and Germany, from other Nordic countries, and Asia.

The most promising subsectors are equipment for both private and corporate security and protection, ranging from simple alarms and protective devices to complex LSM systems that integrate fire alarm, passage control, area control, and CCTV. In the IT security market, the best prospects are within firewalls, identification systems, detection, and virus protection programs and PKI.

There are no trade barriers or market impediments for safety and security equipment. ■

NEED MORE DETAIL?

Ask a foreign commercial officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E).

CLEARING THE AIR

ENVIRONMENTAL TECHNOLOGY FIRM SAFEGUARDS THE WORLD'S TREASURES

by Aaron Thompson

Export America

Have you ever wondered how the priceless paintings of Michelangelo in the Sistine Chapel are protected from the ravages of time and air pollution? Or how the books at the Library of Congress are preserved? Just ask the people at Purafil, Inc., of Doraville, Georgia, the company that produces the dry chemical filtration systems that not only preserve some of the world's greatest treasures but also less-heralded areas such as control rooms at pulp and paper mills and even banana boats. Another thing they'll tell you, however, is that none of this would have been possible without the help of the U.S. Department of Commerce, which aided Purafil in its expansion into Europe, the Middle East, and, more recently, India and Australia.

A FRESH START

Purafil originated as a subsidiary of the Borg-Warner Corporation, a manufacturer of heating, ventilating, and air conditioning systems. In 1960, Borg-Warner designed a special line of air cleaning pellets, known as Purafil, which removed more gaseous contaminants than any other chemical agent on the market. Purafil became an independent company in 1969, mostly focusing on dry chemical filtration, removing corrosive contaminants from control rooms at pulp and paper plants in the United States. According to Meredith Christiansen, the company's marketing

manager, "Purafil is like the air we clean—our systems are everywhere."

In 1987, the company changed its focus with the arrival of William Weiller as chief executive officer. Weiller saw that domestic sales were limited, and he wanted to expand into foreign markets, starting with the Middle East and Europe. "Our goal was to establish representation in all areas of the world," says Christiansen. "The need for clean air is everywhere, from mills and refineries to museums and office buildings. The best way to achieve this goal was through the help of the U.S. Department of Commerce." Following the Gulf War in March 1991, Purafil participated in a Department of Commerce (DOC) trade mission when Secretary of State James Baker led a delegation to the Middle East. As part of this initiative, the DOC created a forum where U.S. businesses could introduce their products and technologies to representatives from Middle Eastern countries, such as Saudi Arabia and Qatar. This was Purafil's first overseas mission with the DOC, with the forum providing a venue for Purafil and other companies to network and establish business relationships. In 1989, Purafil also started working with Lincoln Martinez, supervisory international trade specialist at the DOC's U.S. Export Assistance Center in Atlanta. "Since William and I had worked for several years at the same company, there was a bond of trust that allowed us to skip the usual 'getting to know

you' phase and jump right into doing business," says Martinez.

According to Karen Gailey, communications specialist at Purafil, one area in which the DOC has been particularly helpful has been in establishing credibility for the company overseas. "The Commerce Department puts us in touch with government officials in countries with which we're not often familiar, making the process a lot easier," says Gailey. Gailey claims that the DOC was particularly helpful in coordinating a breakfast luncheon in South Africa, attended by executives from Africa's 10 largest companies. Lincoln Martinez and the U.S. Export Assistance Center also arranged a televised interview with CEO Bill Weiller, giving Purafil an unprecedented opportunity to make itself known to the South African public and business community. Through this experience, Purafil arranged a contract with Engen Petroleum, Ltd., one of the largest oil companies in Africa.

PRESERVING THE WORLD'S TREASURES

One focus of Purafil's business that is especially interesting is the protection of museums and libraries through the use of Purafil products. Purafil installations are currently at such well-known sites as the Library of Congress, the Smithsonian, the Shanghai Museum in China, the Victorian Archives in Australia, the Santa Maria delle Grazie (housing da Vinci's *The Last Supper*) in Italy,

and the Tower of London Jewel House in England.

During Purafil's relationship with the DOC, the company has built a network of overseas contacts, and used services from Gold Key to advocacy. In the time that Purafil has been working with the department, exports have risen to 60 percent of all revenues, totaling \$15–20 million annually, and Purafil products are currently operating in more than 60 countries. In 1991, in honor of these achievements, Purafil received the E-Award, which recognizes excellence in exporting and is given to fewer than 20 manufacturers every year. In 1997, Purafil won the E-Star award, given for contributing substantially to the balance of trade.

Purafil's most recent ventures have been in India, where the company is currently working with Reliance Petroleum, which is based in Gujarat. Reliance is the largest privately owned, vertically integrated refinery in the world, covering more than 21 square miles. Also, Purafil is working with a major fruit producer, providing efficient filtration systems for its banana boats that travel between South America and Europe. Purafil's systems remove ethylene, a naturally occurring gas emitted during the ripening process, and keep the bananas fresh until they reach their destination. Presently, Purafil is looking to the computer industry and the semiconductor market. Many companies require "clean rooms" for semiconductor production, and this often requires not only particle filtration but also molecular filtration, which is necessary for the extremely delicate components in semiconductor manufacturing. Currently, Purafil is working with United Microelectronics in Taiwan, IBM Saha Union in Thailand, Maxtor Corporation in Singapore, NEC in the United Kingdom, and Conexant in Mexico to provide control of airborne molecular contamination in these "clean rooms."



Photo courtesy of Purafil, Inc.

Purafil's deep bed scrubber installed at Chinese Petroleum Corporation in Taiwan is used to remove corrosive gases produced during the refining process.

We often take for granted the clarity of the air we breathe, but the people at Purafil realize the importance of air without particulates or dangerous gases. In conjunction with the Commerce Department, Purafil has expanded into nearly every region of the world, clearing the air in diverse

locations. So, the next time you're viewing the Crown Jewels at the Tower of London, looking at the Fonz's jacket at the Smithsonian, or eating bananas, remember that your experience is all thanks to the business partnership between Purafil and the Department of Commerce. ■



SRI LANKA

A FRESH LOOK AT MARKET OPPORTUNITIES FOR U.S. COMPANIES

by Julio Fernandez

Office of South Asia and Oceania, Market Access and Compliance

Sri Lanka's economy has been open to foreign investment since 1978, long before its South Asian neighbors, and it offers opportunities to U.S. businesses looking to invest in the region. Sri Lanka's human development achievements, including a literacy rate of more than 90 percent, per capita income of \$837, and life expectancy of 72 years, rank well above those of other countries in the region. With a population of approximately 19 million, and a government committed to seeking peace, improving the country's economic conditions, and opening its economy to international competition, Sri Lanka could be a promising market for U.S. firms.

For more than two decades, the government of Sri Lanka has worked to deregulate, privatize, and open the country's economy to international competition. While Sri Lanka has experienced 20 years of civil war and associated political and social unrest, the new government has concluded a cease-fire agreement and is making serious efforts to achieve permanent peace. It is also taking steps to improve social and economic conditions, and in so doing is working to improve the Sri Lankan business environment. Together, these actions could lead to the creation of a more attractive business environment for foreign

companies in the near future, including U.S. companies that choose to invest in Sri Lanka at a time when opportunities exist in several business sectors. As a result of recent political and economic trends in Sri Lanka, 2002 could prove to be a critical turning point for the country's economic and political future.

POLITICAL AND ECONOMIC CONDITIONS

Since 1983, political and economic conditions in Sri Lanka have been influenced by the violent activities of the Liberation Tigers of Tamil Eelam (LTTE), an armed insurgent group that has sought an independent state in the North and East of the country through civil war and terrorism. While foreigners have not been specifically targeted in any LTTE activities, several have been injured in attacks, and expatriate business representatives should be aware of the current political climate. U.S. business representatives traveling to Sri Lanka, or expatriates doing business there, should also be aware of security concerns described in the State Department's Consular Information Sheet for Sri Lanka. However, the LTTE initiated a unilateral cease-fire in December 2001 and signed a formal, open-ended cease-fire agreement with the government of Sri Lanka in February 2002. The government of Norway is working with both parties to facilitate talks toward lasting peace. In the meantime, fighting in Sri Lanka has ceased, while the new government elected in December 2001 is taking steps to

implement economic reforms in accordance with an International Monetary Fund standby arrangement.

Price controls and quotas in Sri Lanka have been largely eliminated, and import licenses have been liberalized. In general, imported raw materials and intermediate goods generally face a 10 percent tariff, while the tariff on finished goods is 25 percent. The government of Sri Lanka has sold 80 state-owned companies, reduced tariff levels on many items, and made privatization a priority in its current budget. With plans to privatize its majority stake in Sri Lanka Telecom, and with the Railway Department, Bandaranaike International Airport, the National Insurance Company, Lanka Marine Services, Shell Gas Lanka, the Lottery Board, and parts of the Ceylon Petroleum Corporation in various stages of privatization, the government is clearly taking positive steps to improve the business environment for foreign investors.

U.S.-SRI LANKAN RELATIONS

The United States and Sri Lanka enjoy cordial trade relations. U.S. assistance to Sri Lanka has totaled more than \$1.6 billion since the country's independence in 1948. Through the assistance of the U.S. Agency for International Development, the United States has contributed to the country's economic growth with projects designed to, among other

things, reduce unemployment and improve competitiveness. During a visit to Washington, D.C., in July 2002, Prime Minister Ranil Wickremesinghe met with President Bush to discuss bilateral relations in the highest level exchange between Sri Lanka and the United States in more than a decade. A bilateral trade and investment agreement was signed during the prime minister's visit. The United States and Sri Lanka had previously concluded a bilateral investment treaty and an intellectual property rights agreement in 1993, and a double taxation treaty has been under review and is nearing completion. Another positive step toward a closer business relationship between the United States and Sri Lanka is the recent establishment of the Sri Lanka-America Business Council (SLABC). The SLABC's primary objective is to promote mutually beneficial private sector relationships between the United States and Sri Lanka in trade and tourism, direct investment, and the transfer of technology through advocacy and education.

U.S.-SRI LANKAN TRADE

Sri Lankan global exports total approximately \$4.8 billion annually. These exports include tea, garments, rubber products, gems, textiles, coconuts, and refined petroleum. U.S. exports to Sri Lanka totaled \$183 million in 2001 and imports were valued at \$1.9 billion. The United States is Sri Lanka's largest export market and the destination of an estimated 40 percent of the country's exports (primarily apparel and leather goods). Approximately 62 percent of Sri Lanka's garment exports are bound for the United States. By way of comparison, Sri Lanka imports an estimated \$6 billion in total goods each year, yet the United States ranks seventh among countries supplying Sri Lanka, with a market share of only 3.7 percent. Thus, opportunities exist for increased exports to Sri Lanka by U.S. companies and for narrowing the trade gap between the United States and Sri Lanka.

The best prospects for U.S. exports include both agricultural and non-agricultural products. Agricultural products best suited for export to Sri Lanka are wheat, cotton, and pulses. The best prospects for exports of non-agricultural products are telecommunications equipment, power and energy, electrical machinery, textile fabrics and machinery, other machinery and mechanical appliances, medical equipment, paper and paper products, and environmental services and equipment.

U.S.-SRI LANKAN RELATIONS

Several organizations that operate in the region are available to assist U.S. firms in identifying the best business opportunities in Sri Lanka. The economic and commercial section of the U.S. embassy in Colombo sponsors catalog exhibitions to promote U.S. products and services, and it provides support and advocacy as needed. The American Chamber of Commerce in Sri Lanka has more than 250 members and sponsors monthly meetings and activities that provide members of the business community with useful information about doing business in Sri Lanka.

BUSINESS IN SRI LANKA

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Web site: http://travel.state.gov/sri_lanka.html

Bureau of South Asian Affairs
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Country Information for Sri Lanka
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THE UNITED ARAB EMIRATES

WARMLY WELCOMING U.S. BUSINESSES

by Nancy Charles-Parker

Commercial Service, United Arab Emirates

The United Arab Emirates, rich in reserves of oil and hospitality, holds several commercial advantages. The federation has a small, stable, and multicultural business environment in which U.S. firms may find strong interest in their products and services.

Expatriates and local hosts in the United Arab Emirates were stunned by the tragic events of September 11, 2001. Emirati friends and business contacts expressed their horror and sympathy. Since then there are daily reminders that the locals are extremely conscientious in protecting expatriates, who constitute about 85 percent of the population.

THE UNITED ARAB EMIRATES

Total area: 82,880 square km (a little smaller than Maine)

Population: 3.1 million

GDP by sector: industry 52%, services 45%, agriculture 3%

Main industries: petroleum, fishing, petrochemicals, construction materials, boat building, handicrafts, pearling

Exports: crude oil, natural gas, re-exports, dates, dried fish

Imports: machinery and transportation equipment, chemicals, food

Languages: Arabic (official), Farsi, English, Hindi, and Urdu. English is used widely in business.

Sources: U.S. Department of Commerce, CIA.

Hospitality is a strong factor in the way UAE nationals treat their guests. Since September 11, Emirati hospitality and protectiveness toward its Western residents have flourished. UAE nationals and residents have, however, resumed business as usual.

PROSPERITY AND DIVERSITY

Sitting atop one tenth of the world's oil, the United Arab Emirates has a group of young nationals who are pragmatic, apolitical, and business minded. The United Arab Emirates offers considerable stability in this varied region. Wealth is well distributed among Emiratis. Per capita GDP is close to that of the most affluent nations of Western Europe.

Expatriates from more than 100 countries compete to work here, given their ability to earn, save, and send money home to their families in countries ranging from the Philippines to South Africa. Foreigners live and work in the United Arab Emirates in harmony: Pakistanis, Afghans, Indians, Iranians, Lebanese, Egyptians, Europeans, North Americans, and East Asians. Religiously, the expatriate community is also diverse, with Christian, Hindu, Shia and Sunni Muslim, Sikh, Buddhist, and Baha'i adherents, among others.

Since last September, all scheduled trade shows for both Dubai and Abu Dhabi have taken place, including the International Furniture and Interior Design Exhibition (INDEX), the Dubai Air Show, and the information

technology exhibition, GITEX. All had U.S. exhibitors, who were very glad they participated. These exhibitors received excellent attention and publicity, even better since September 11 than before. Meanwhile, Europeans have resumed their business travel to the United Arab Emirates, and as a result they are having a field day with contracts.

There are benefits to the "business as usual" approach. For example, one U.S. state cancelled its large INDEX booth, but three U.S. companies did participate, and they received unprecedented free media coverage.

All the major and some smaller computer companies exhibited at GITEX. The U.S. firms stated that the crowds and level of interest in their software, solutions, and hardware was on par with the previous show's turnout and interest. Many sent their Europe-based officials to staff the show, rather than flying them from the United States.

For the 7th Dubai Air Show, 35 of the original 43 U.S. aerospace, avionics, and defense companies exhibited in person, and 15 aerospace companies sent literature for display. The United States had an official delegation composed of U.S. commercial and military representatives. Several U.S. companies walked away with orders, including Cubic, Space Imaging, and Boeing. Boeing secured a letter of intent for more than \$6 billion in aircraft to be delivered to Emirates Airline between 2004 and 2010.

STABILITY IS THE NORM

The United Arab Emirates has always been safe. Since September 11, 2001, street crime and violence against Western residents and visitors remains virtually unknown. Of the 11 foreign countries where this commercial officer has lived and worked, this is undoubtedly the safest. The UAE government, which values its political, economic, and commercial ties with the United States, is eager to preserve this developing bilateral relationship. Since September 11, there have been no violent actions against the 15,000 U.S. citizens living here. Nor have any terrorist incidents taken place within the United Arab Emirates directed against any nationality.

The Commercial Service has learned of only three U.S. companies that have removed personnel from the United Arab Emirates. Two temporarily moved some key management personnel, European nationals, to Europe, but now they are all back. The third has for financial reasons closed its business development offices in many locations, including Abu Dhabi. American business groups in both Dubai and Abu Dhabi remain active and continue to brief U.S. business travelers on the realities of exporting to the Persian Gulf and the rest of the Middle East, the former Soviet Union, Africa, and Central Asia using the United Arab Emirates as a regional base.

FEWER BUSINESS TRAVELERS, MORE BUSINESS OPPORTUNITIES

Except during large trade events such as GITEX and the Dubai Air Show, Dubai and Abu Dhabi's many five-star hotels have suffered a decrease in occupancy rates since September. As a result, luxury accommodations are available for \$85 to \$100 a night.

Commercial officers at the U.S. embassy in Abu Dhabi and U.S. consulate in Dubai have designated medical equipment and related health services as one of four primary sectors

for U.S. exporters for 2002. September 11 has not changed this. It has only decreased the number of U.S. competitors who are willing to travel to the region, making the sales opportunities greater for those who do.

There are a number of ways that U.S. firms can pursue commercial opportunities within the UAE, one of which is the embassy's Gold Key program. Exporters can meet with four to five local clients, distributors, and agents per day, all prescreened by commercial specialists. It is great value for money, as is the company-to-company video-conferencing service, through which U.S. exporters can meet their clients in the United Arab Emirates without leaving the United States.

The choice to travel to the United Arab Emirates, to participate in world-class shows or make sales presentations to customers who prefer American products and technology, is simple. Unless things change drastically, once here U.S. companies will have a warm welcome and an assured interest in their services and products.

For more information about doing business in the United Arab Emirates, see the latest Country Commercial Guide at www.usatrade.gov, under market research, or e-mail Abu.Dhabi.Office.Box@mail.doc.gov, with a carbon copy to Dubai.Office.Box@mail.doc.gov. ■

ADIPEC 2002

October 13-16, 2002
Abu Dhabi

This is the 20th Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC). Organized every two years, ADIPEC is the premier oil and gas event in the Middle East and North Africa, and one of the largest in the world. ADIPEC 2000 had 867 exhibitors from 41 countries. There were 13,589 professional visitors, most of whom were decision-makers and high-ranking officials from around the world.

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ARAB HEALTH

January 26-29, 2003
Dubai

Arab Health is the premier Middle Eastern health care exhibition and conference. Arab Health includes medical equipment and services. Expectations are that the U.S. pavilion will be well attended as always. For more information about exhibiting at Arab Health, contact the organizer for the U.S. pavilion.

Contact:

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DUBAI AIR SHOW 2003

December 7-11, 2003
Dubai

This is the largest air show in the region. The last event drew more than 450 exhibitors from 33 countries in Europe, the Middle East, South Africa, and the Far East. In addition to individual exhibitors, there were 10 national/industrial pavilions.

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THE BRAZILIAN IT MARKET

THE LARGEST AND MOST DYNAMIC IT MARKET IN LATIN AMERICA

by Tim Miles

Information Technologies, Trade Development

Brazil is the leading information technology (IT) market in Latin America, accounting for one out of every two dollars spent on IT products and services in this region. After a dismal 2001, Brazilian IT demand is expected to improve this year as Brazil's economy returns to a more vibrant growth rate. International Data Corporation (IDC), a U.S. market research company, predicts that IT spending there should increase 3 percent to nearly \$13 billion by the end of 2002. Computer hardware demand should decline slightly while networking equipment should recover. IT services should have the most pronounced turnaround of any IT spending category, however. Packaged software purchases may be even higher than they were in 2001.

SIGNIFICANT PROSPECTS

The long-term outlook for IT sales in Brazil is extremely good, because the Brazilian economy is expected to have a growth spurt of more than 3.5 percent annually over the next few years. The only factors that might adversely affect this forecast would be another downturn in the global economy, a return of

the energy crisis that Brazil endured in 2001, and further substantial devaluation of the real. Brazil's computer hardware market should be buoyed up by the private sector's ongoing modernization of its operations and the Brazilian government's commitment to providing Brazilians with electronic government (e-government) and expanding computer and Internet use throughout the country. These efforts should translate into significant sales opportunities for U.S. suppliers of servers, desktop and notebook personal computers (PCs), handheld computers, and even used PCs in the future. The rising tide of systems purchases should also benefit U.S. peripheral equipment firms. Best prospects include scanners, printers, disk drives, and digital videodisc players. Demand for high-end data storage devices should be particularly strong as well, given increased concern in Brazil about data security and disaster recovery following the terrorist attacks in the United States last September.

The Brazilian packaged software market has enormous potential for U.S. companies as long as Brazil makes meaningful progress in combating intellectual property rights violations. Brazilian manufacturing and services corporations have a significant need for

software solutions that will help them to reduce costs and increase profits through automation of their industrial and commercial processes. The software packages that will continue to be in the highest demand among businesses in Brazil are those for customer relationship management, networking and communications, database management, electronic document management, and enterprise resources planning. Corporate security concerns should result in heavy spending on IT security solutions such as encryption, anti-virus, and firewalls. Brazilians have also shown a keen interest in solutions developed around the Linux operating system and Java applications development tools. Desktop PC applications for use by small and medium-sized enterprises (SMEs) and more affluent homes and educational software for secondary schools are good opportunities as well.

Brazil should be an excellent market for networking equipment, benefiting from the continuing expansion of the telecommunications infrastructure and corporate interest in establishing intranets and extranets. Greater PC and Internet use in education and health care should also lead to the spread of networking on university campuses, in schools, and among hospitals, clinics,

and other medical facilities. In-Stat/MDR, another U.S. market research group, believes that Brazil holds immense promise for wireless local area networks.

IDC forecasts that spending on IT services in Brazil will overtake investment in computer equipment by 2003 and increase very rapidly thereafter. A growing number of cost-conscious Brazilian businesses have been outsourcing their systems and network management and data processing activities to IT services suppliers over the past several years and should continue to do so. Public sector agencies and corporations engaged in a large number of modernization programs have a great need for IT consultants and system integrators to install, program, and connect servers to legacy systems, to integrate front and back offices, and to provide education and training to alleviate Brazil's acute shortage of qualified IT personnel. Finally, corporate executives have always considered data warehousing and IT security services

important parts of their IT budgets, but they should boost these investments substantially in the wake of last September's terrorist events in the United States.

A WIRED POPULATION

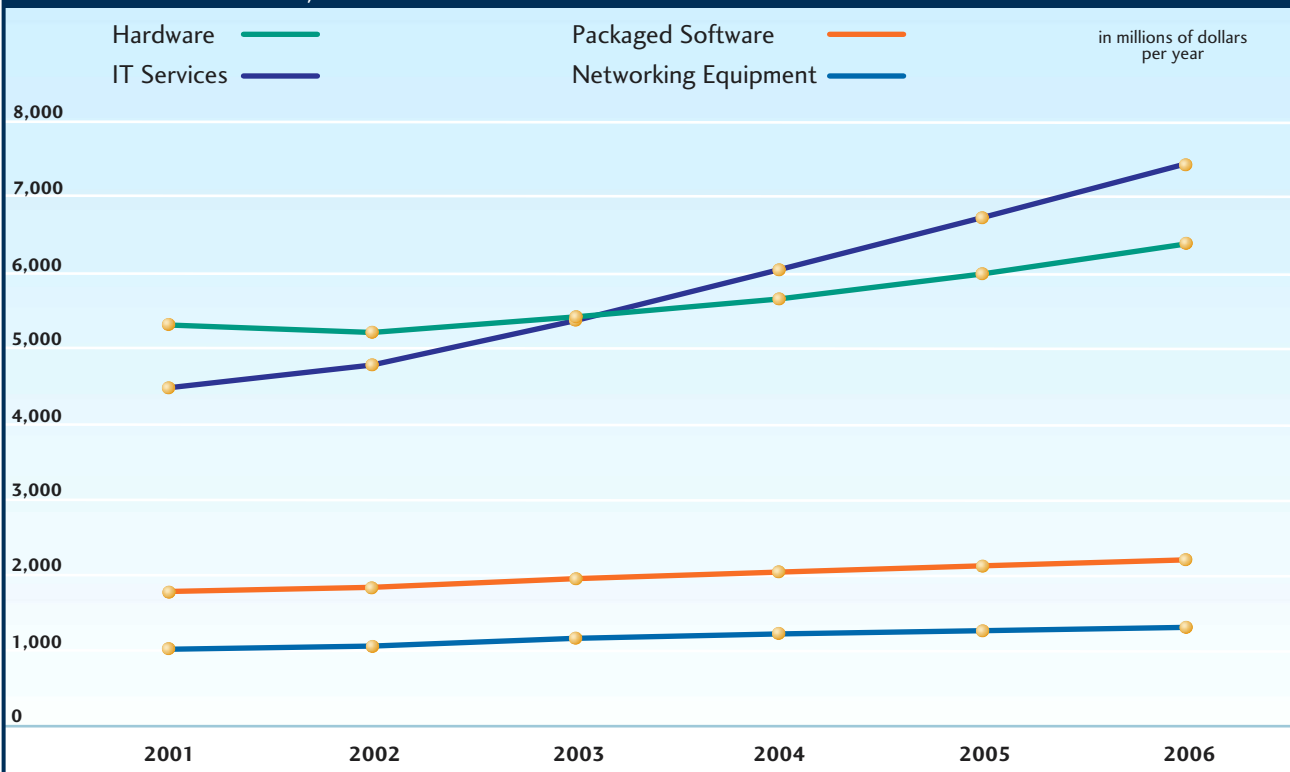
Brazil has the most PCs installed and the largest Internet population in Latin America. However, the use of PCs and the Internet is still confined to the wealthy due to various structural and socioeconomic barriers. The Brazilian public and private sectors have launched efforts to deal with these problems over the past few years. The Brazilian government has projects under way to provide schools and communities across Brazil with PCs and Internet access, to revamp the national health care system and give all Brazilians medical care service through the use of IT, and to improve government services and ensure that every citizen has access to them through electronic government. It has also been working diligently to bring down the costs of PC ownership and Internet



access. The Yankee Group, a U.S. market research firm, forecasts that the number of Brazilian Internet users will triple to 42 million by 2006.

Brazil experienced the same high-tech shakeout that occurred in the United

BRAZILIAN IT SPENDING, 2001-2006



States and in many other developed nations from late 2000 onwards. The number of Internet service providers (ISPs) fell 50 percent to fewer than 700 by mid-2001. A handful of players now controls this market, and further consolidation of Brazil's ISPs is expected in 2002. Improvement in the fortunes of ISPs is likely in the near future as Brazil's economy picks up and Internet use spreads among the middle class, small businesses, and schools. As a result, there will be numerous potential opportunities for U.S. suppliers. The expansion of electronic commerce (e-commerce) and e-government will undoubtedly create significant demand for the services of companies that can design and develop Web sites, provide content for them, and host them. Involvement in e-commerce may also stimulate many firms to outsource their entire Web and interconnection needs rather than taking on the burden of costly investments in telecommunications, network, and computing infrastructures, as well as in-house personnel required to run these operations.

Although broadband is in its infancy in Brazil, Brazilian users, especially SMEs and upper income residential customers, will increasingly demand Internet connection through this high-speed service. Businesses in remote areas where wired telecommunications are not yet available may opt for satellite service. Wireless Internet access for homes and businesses through wireless applications protocol and other services should grow substantially. Wireless may also be much more viable than wired access for home users, considering the low PC penetration and the popularity of cellular telephony there.

E-COMMERCE

Brazil has the most networked economy in the region. IDC predicts that Brazilian e-commerce may quadruple to over \$20 billion by 2004, with business-to-business (B2B) trade still accounting for most of this activity. Various e-commerce initiatives have emerged over the past two years focused on electronic procurement of basic supplies (e.g., telecommunications

and petrochemicals); electronic marketplaces operated by automotive, chemical, agricultural, and construction companies to trade goods and services within their respective industries; and vertical portals for transactions among industries participating in one supply chain. However, finance and retailing continue to lead B2B e-commerce. Most companies are in early stages of e-commerce development, since more than half use the Internet only for e-mail and information gathering purposes.

Brazil also leads Latin America in online retailing. It profits from the most advanced e-commerce industries and the largest Internet population in the region, a wide range of Portuguese-language content providers, and a sophisticated home banking system with state-of-the-art equipment. More than 3 million Brazilians purchased on-line in 2001, but the number of active buyers represented less than 20 percent of all Internet users in Brazil. More widespread use of business-to-consumer e-commerce is limited by



ExportIT Reports

The ExportIT reports are a series of in-depth studies focused on foreign IT and Internet markets. They describe and analyze the trends, key issues, and events in telecommunications, the Internet, and e-commerce in regional markets. These reports help create a framework from which U.S. small and medium-sized enterprises (SMEs) can make educated business decisions about entering these markets.

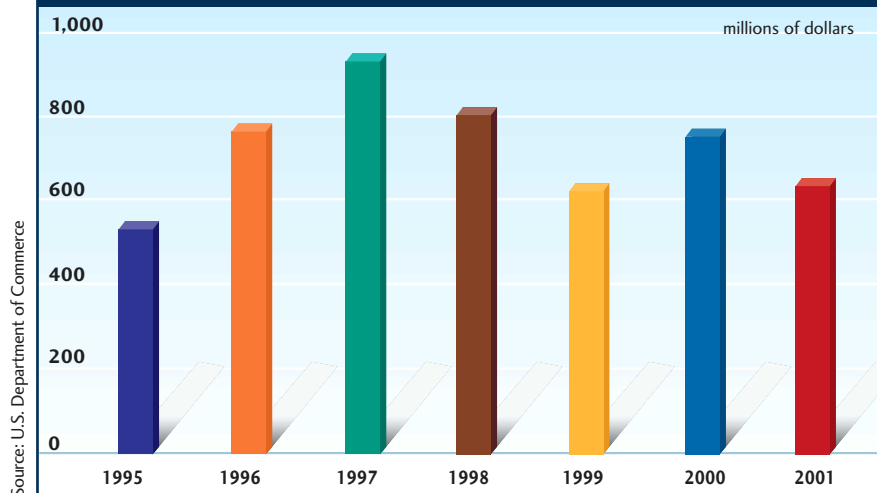
Analysis focuses on the status of telecommunications liberalization, competition in telecommunications services, and the deployment of new telecommunications technologies, and how these changes are affecting the adoption of the Internet and e-commerce.

Economic, cultural, historical, and political factors that influence the spread of information, Internet, and e-commerce technologies are also vital pieces of these reports. Suggested market entry strategies for smaller firms, as well as U.S. Department of Commerce and other resources to assist U.S. firms in market entry endeavors, are provided.

Feedback is welcomed, particularly on regions or countries you would like to see analyzed in future reports.

Look for reports on Japan, Western Europe (France and Germany), and China to be released in the coming months. All reports are available on the ExportIT Web site: <http://exportit.ita.doc.gov>.

U.S. COMPUTER EXPORTS TO BRAZIL



Source: U.S. Department of Commerce

a lack of disposable income among the majority of Brazilians, consumer concern about on-line security, and an inadequate transportation infrastructure that restricts delivery of products bought over the Internet.

Brazil does not currently have any specific legislation that regulates e-commerce. Bills that address the particular legal issues raised by it and stipulate regulations supporting its development in this country have been under consideration by the Brazilian Congress for some time. Most of the legislative action has been directed toward digital security.

NEW MARKET RESEARCH FOR EXPORTERS

In its efforts to provide small and medium-sized enterprises (SMEs) with high quality foreign market research, the U.S. Department of Commerce recently released an ExportIT report on Brazil. The 40-page report is the latest in a series that analyzes trends, issues, and events in information technology, telecommunications, the Internet, and e-commerce in various countries to help SMEs make educated decisions about exporting. These reports also highlight market opportunities and provide possible market entry strategies, including descriptions of Department of Commerce export services as well as a list of key U.S. and overseas contacts who can assist U.S.

firms in entering international markets. The ExportIT report on Brazil updates a June 2000 study on Latin America in and is available on the home page of the Office of Information Technologies (<http://exportit.ita.doc.gov>). ■

For additional information on this market report contact:

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COSTA RICA

A COAST RICH IN AGRICULTURE AND TECHNOLOGY

by Katie Lyons

Export America

The United States is Costa Rica's most important trading partner. In 2001, Costa Rica imported \$2.5 billion worth of U.S. goods and services, constituting nearly half of the country's total imports. U.S. technology, products, and services are welcomed due to the proximity of the United States to Costa Rica, as well as the high quality and wide selection of competitively priced products. U.S.-style marketing techniques and malls are the norm. E-commerce is a small, growing sales channel, but it is constrained by Costa Rica's telecommunications infrastructure, lack of legislation, and inefficient local delivery services.

Historically known as a producer of bananas and coffee, Costa Rica has in recent years earned a reputation as an attractive location for foreign high-technology investment as well as a popular destination for tourists. The country's relatively well-educated and productive work force, favorable tax and customs regimes in free trade zones, and central location in the Western Hemisphere have attracted foreign investors. The 1998 opening of Intel Corporation's \$200 million microprocessor finishing and testing facility was a milestone in the country's transition to high-technology industry and was followed by large new investments by Abbott Laboratories and Procter & Gamble, among others.

FACTS AND FIGURES

Total area: 51,000 square km (slightly smaller than West Virginia)

Population: 3.8 million

Capital: San Jose

GDP: \$16 billion

GDP by sector: services 57%, industry 30%, agriculture 13%

Main industries: microprocessors, food processing, textiles and clothing, construction materials, fertilizer, plastic products

Exports: textiles, electronic components, medical equipment, coffee, bananas, sugar, pineapples

Imports: raw materials, consumer goods, capital equipment, petroleum

Languages: Spanish, but most business professionals speak English.

Sources: U.S. Department of Commerce, CIA, IMF, EIU.

Costa Rica's tourism industry has successfully marketed the country abroad and garnered this sector more foreign exchange than the traditional agricultural sector. More than 30,000 U.S. citizens are Costa Rican residents who, like the tourists, are attracted by the climate, political stability, and hospitable atmosphere.

It is predicted that by 2005 Costa Rica's export earnings will amount to \$15.7 billion, about four times the current figure. The Costa Rican Investment and Development Board (CINDE) has worked closely with the Costa Rican government and actively recruited most of the large U.S. companies now located there.

After expanding more than 8 percent annually in the late 1990s, Costa Rica's

gross domestic product (GDP) growth slowed to less than 1 percent in 2001 but is expected to increase to 1.4 percent by the end of 2002. Costa Rica has been affected by the slowdown in the U.S. economy, the decline in agricultural commodity prices, particularly for coffee and bananas, as well as the increasing costs for imported petroleum. In 2001–2002, currency devaluation increased to 9.4 percent compared to 7.4 percent for 2000–2001 and is expected to rise slightly. Roughly 60 percent of all bank deposits are in U.S. dollars. The colon is the official currency, but people are able to make payments in U.S. dollars.

Regional integration of Central American markets is progressing with the resolution of internal political conflicts, lowered tariffs and other trade

Photo courtesy of Steve Hubin



barriers, and renewed attention to economic development. Approval of the Caribbean Basin Trade Partnership Act (CBTPA) of 2000 will increase free trade between the United States and Caribbean countries. The CBTPA should also increase trade within the region for components of products destined for the U.S. market. The act proves to be especially attractive for those firms operating in the garment assembly and tuna processing industries.

Costa Rica's growing economy also attracts investors, because there are numerous free trade zones that offer tax holiday opportunities and other benefits, such as exemptions from import duties on raw materials, capital goods, parts, and components. Free trade zone

benefits are expected to phase out by 2007. Free trade zones have been incorporated in the port cities of Limón and Puntarenas as well as some locations in the Central Valley.

There are no significant trade barriers to the entry of most goods and services. However, all essential services, such as telecommunications, electricity, insurance, and petroleum, are state monopolies. Privatization continues to be a politically divisive issue in Costa Rica. Currently, the government grants few concessions to operate on behalf of the legal state monopolies, rather than opening these institutions to private participation.

In 2001, tourism earned \$1.3 billion, despite the terrorist attacks of September 11. Tourism employs of 152,000 people. Four U.S. carriers currently service Costa Rica. Tourism is a market that provides good opportunities for U.S. investors and companies. Currently there are several developments under consideration, such as Four Seasons hotels and golf courses by Jack Nicklaus and Arnold Palmer.

For more detailed information visit www.export.gov and select the link to country and industry market research, and then chose the *Country Commercial Guide* or industry-specific reports for Costa Rica. ■

BEST PROSPECTS FOR NON-AGRICULTURAL EXPORTS TO COSTA RICA

- Paper and paperboard
- Computers and peripherals
- Plastic materials
- Automotive parts
- Agricultural chemicals
- Telecommunications equipment
- Pharmaceuticals
- Construction equipment.

2003 HOLIDAY SCHEDULE

(all of these are national holidays):

January

1 New Year's Day

March

28 Holy Thursday

29 Good Friday

Easter

Holy Week, Semana Santa. Dates vary annually, but businesses will often close for the entire week proceeding Easter weekend.

April

11 Juan Santamaria Day: public holiday to commemorate the national hero who fought at the Battle of Rivas against the American invader William Walker in 1856.

May

1 Labor Day

July

25 Guanacaste Day: marks the annexation of Guanacaste from Nicaragua in 1824.

August

2 Our Lady of the Angels

15 Mother's Day and Assumption Day

September

15 Independence Day

October

14 Dia de la Raza (Columbus Day): Limón Province only, marked by a carnival, which takes place in the week prior to October 14.

15 Cultures Day

December

25 Christmas Day



TIPS FOR DOING BUSINESS

DISTRIBUTION/ESTABLISHING REPRESENTATIVES

- Although it is possible to export directly to Costa Rica, U.S. companies should find a local representative and/or establish a local sales office.
- Having a local representative is a requirement for companies that would like to participate in the government's procurement system.
- Costa Rican law provides two main forms of representation: a representative and a distributor.
- Domestic laws allow for foreign ownership of most business activities. There are a few exceptions, including legal monopolies or services to Costa Rican citizens (electrical power, broadcasting, and wholesale distribution).

MARKETING

- Direct marketing has limited success due to the difficulty in obtaining comprehensive and reliable client lists and addresses.

- Marketing in Costa Rica is similar to marketing in the United States. Costa Rica has many large franchise outlets, shopping centers, and malls.
- Sales catalogs should be translated into Spanish, and products must be priced competitively.
- Costa Rican newspapers are the best way to promote sales of products or services.

OTHER CONSIDERATIONS

- Personal Relationships: Business in Costa Rica depends heavily on establishing personal relationships with foreign suppliers.
- Work Force: Costa Rica has one of the highest literacy rates and most productive work forces in Latin America. Many employers are working together with the government to promote education in technology to help satisfy demand for labor in that sector.

BUSINESS CUSTOMS

- Costa Rican business executives place great importance on personal contact, and appointments should be made at hosts' facilities instead of hotels.
- A business suit is appropriate attire.
- Working hours are from 8:00 a.m. to 12:00 p.m. and from 2:00 p.m. to 6:00 p.m.
- The Costa Rican government has a continuous working schedule from 7:30 a.m. to 4:00 p.m.
- Banks are open from 9:00 a.m. to 3:00 p.m.



USEFUL WEB SITES

Commercial Service in Costa Rica



www.buyusa.gov/costarica

U.S. Embassy in Costa Rica

This site provides information about diplomacy, trade policy, and economic relations between the United States and Costa Rica. A significant amount of this information is in Spanish.

<http://usembassy.or.cr>



Costa Rican-American Chamber of Commerce

This site offers information on investing and doing business in Costa Rica.

www.amcham.co.cr

Embassy of Costa Rica

www.costarica-embassy.org



The World Factbook

This publication by the CIA provides basic information about the country's government, infrastructure, population, and geography.

www.cia.gov

Governments on the WWW

This site offers information about national institutions, foreign representatives, political parties, and tourism.

www.gksoft.com/govt/en/cr.html



Costa Rica Information

This provides information about businesses in Costa Rica as well as general information, such as real estate, marketing, and employment.

www.infocostarica.com

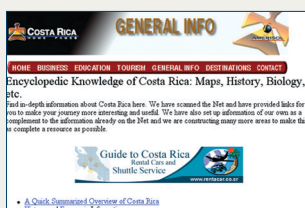
Costa Rica Web

This site offers information about the government, services,

culture, businesses, and tourism of Costa Rica.

www.costaricaweb.com

Costa Rica Home Pages



This site includes information on government statistics, census information, an interactive export directory, and other general information about the country.

www.amerisol.com/costarica/info.html

Costa Rican Investment and Development Board

The Costa Rican government commissioned this board to be the main promoter and advisor to foreign investors. It is a private non-profit organization that provides comprehensive information on the economy and the business environment and also aids in initial contact with potential investors.

www.cinde.or.cr



The TICO Times

This is Central America's leading English-language newspaper.

www.ticotimes.net

La Nación

This is the leading Costa Rican Spanish-language newspaper out of San Jose.

www.nacion.co.cr

Ministry of Economic Affairs, Industry, and Commerce



This Spanish-language site provides general information on the economy and industry, including statistics. The ministry also enforces the Consumer Protection Law, and the site

contains the full text of the law.

www.meic.go.cr

Costa Rican Stock Exchange

This Spanish-English Web site provides general information on the Costa Rican Stock Exchange. It includes a list of companies that are traded on the exchange.

www.bnv.co.cr

INCOTERMS

RULES FOR TRADE LOGISTICS

by William Corley
Export America

Thirteen international commercial terms (“Incoterms”) describe the responsibilities of buyers and sellers in international trade. Incoterms are definitions and guidelines for sales contracts. They address fundamental issues of cost and risk allocation.

The International Chamber of Commerce (ICC) has published its Incoterms since 1936, and reference should be made to the latest edition. As terms of sale, Incoterms facilitate commerce by promoting understanding of the specific, respective tasks of trading parties. They define the roles of buyers and sellers in the arrangement of transportation; they also outline when transfer of ownership of merchandise takes place. Incoterms therefore greatly influence the actions of exporters, importers, freight forwarders, and others involved in international trade.

WORLDWIDE USE

Incoterms reduce disputes as well as provide common criteria for arbitration. Customs authorities and courts around the world recognize the 13 Incoterms as the standard set of rules for global commerce.

Each Incoterm has a three-letter abbreviation and usage with one or more modes of transportation. Incoterms range from the seller’s minimal obligations (EXW—ex works, named place) to the seller’s maximal obligations

(DDP—delivered duty paid, named place of destination). Other common terms include FOB (free on board, named port of shipment), CIF (cost, insurance and freight, named port of destination), CPT (carriage paid to named place of destination), and DDU (delivered duty unpaid, named place of destination).

Incoterms delineate in a transaction who incurs which charges and fees, extending from product cost and international freight to import duty and inland freight at the destination. Incoterms also set guidelines regarding documentary responsibilities of the buyer and seller, from product documentation and bills of lading to commercial invoices and export-import licenses.

COMPLETE INFORMATION

The information contained in this article and its sidebars is intended only as a general guide and should not be used as legal reference for sales contracts or other international trade documentation. For more information, obtain *Incoterms 2000* (ICC Publication 560) at www.iccwbo.org.

WHAT TO NOTE

The latest Incoterms include several changes from the previous edition (1990). Incoterms now specify the loading and unloading requirements of both buyer and seller. They also reflect international traders’ increased use of intermodal transportation. This has led to simplified delivery obligations under the term FCA. Meanwhile, FAS now requires the seller to clear the goods for export. Under DEQ, the buyer now must clear the goods for import as well as pay all duties, taxes, and other charges upon import.

WHAT TO DO

A prudent exporter will use terms of sale that fit his needs, the buyer’s wishes, and export-import requirements. Freight forwarders, U.S. Export Assistance Centers, banks’ international departments, and other parties can provide expert advice in this regard. At the outset of sales development and export planning, pay particular attention to the mode of transportation as well as the location of the transfer of ownership. Beware of unsuitable or inappropriate Incoterms, such as “FOB factory” and “FOB plant.” Take a look at the handy guide, think about the meanings of port and place, and check the transportation mode picture.

INCOTERM ABBREVIATIONS

EXW: ex works (named place)

The seller makes the goods available to the buyer at the seller's premises.



"F" Terms

The seller is obliged to deliver the goods to the buyer's appointed carrier.

FCA: free carrier (named place)



FAS: free alongside ship
(named port of shipment)



FOB: free on board
(named port of shipment)



"C" Terms

The seller has to contract for carriage. The seller does so without assuming the risk of loss of or damage to the goods, and also without assuming additional costs arising from events occurring after shipment or dispatch.

CFR: cost and freight
(named port of destination)



CIF: cost, insurance and freight
(named port of destination)



CPT: carriage paid to
(named place of destination)



CIP: carriage and insurance paid to
(named place of destination)



"D" Terms

The seller bears the costs and risks of transporting the goods to the destination.

DAF: delivered at frontier (named place)



DES: delivered ex ship
(named port of destination)



DEQ: delivered ex quay
(named port of destination)



DDU: delivered duty unpaid
(named place of destination)



DDP: delivered duty paid
(named place of destination)



ASK THE TIC

FOOD AND BEVERAGE EXPORTS

by Linda Abbruzzese

Trade Information Center

Exporting food and beverages from the United States can be more complicated than exporting other products due to requirements imposed by governments internationally. Several U.S. government agencies issue certificates and other documentation that is often necessary for exporting food and beverages. These agencies provide U.S. companies with assistance in filling out the appropriate paperwork as well as determining the shipping requirements for specific products and destinations.



WHERE CAN I FIND INFORMATION ON CERTIFICATES AND/OR OTHER DOCUMENTATION NECESSARY WHEN EXPORTING FOOD OR BEVERAGE PRODUCTS?

Food and Drug Administration (FDA). The FDA issues certificates that are often required by other countries for importing food and beverages into their markets. A "certificate of free sale" is issued for exported products that are legally sold or distributed in the United States. Some governments use this certificate as proof of a product's quality. A "certificate of exportability" is needed for companies that export products that are not sold in the United States but that are otherwise acceptable as exports. For example, a product that does not meet U.S. domestic standards may surpass levels set by another government.

To learn more about these export certificates, look up the article, "FDA Export Certificates for U.S. Products," located on the TIC Web site, www.export.gov/tic, under "Answers to Your Export Questions." For more information on FDA guidelines, rules, and regulations, visit www.cfsan.fda.gov/~lrd/imports.html, or www.cfsan.fda.gov/~dms/qa-indq.html.

Food Safety Inspection Service (FSIS). The FSIS is an agency of the U.S. Department of Agriculture (USDA) that regulates and inspects meat, egg products, and poultry. The FSIS issues export certificates that are required for certain types of food. These certificates are called "meat and poultry export certificates of wholesomeness." There is no time limit on the validity of a

certificate once it has been issued. However, all certificates have an "edition date," which means that it is possible that the certificate could be rejected if the edition date is obsolete.

In order to be exported, meat, poultry, and egg products must be inspected and passed by the FSIS. Foreign countries may have additional requirements, which the exporter is responsible for fulfilling. In order to get an export certificate, an export application must be submitted to the FSIS inspector at the federally inspected establishment where the product is located. If the application is satisfactory and the shipment meets the requirements of the receiving country, the FSIS inspector will issue an export certificate. An FSIS inspector or veterinarian, depending on the requirements of the foreign country, must sign the certificate. In addition, some countries require individual producing plants to be approved as eligible to export to them, and they may also restrict the entry of certain types of meat and poultry products from the United States.

Further details on meat and poultry certificates, export applications, the requirements of countries, and lists of approved establishments may be found on the FSIS Web site: www.fsis.usda.gov/OFO/export/explib.html.

Agricultural Marketing Service (AMS). The AMS is an agency of the USDA and is responsible for grading, certification, and standardization of food products. In addition, the AMS is responsible for marketing and overseeing the regulatory programs of the USDA. The agency issues certificates pertaining to grading, size, and other foreign buyer or government specifications. Information on AMS food programs is available on its Web site: www.ams.usda.gov.

Bureau of Alcohol, Tobacco, and Firearms (ATF). The ATF is an arm of the U.S. Department of the Treasury that regulates alcoholic beverages and wine. In order to export wine, beer, and distilled spirits at the wholesale level, a "wholesaler's basic permit" is required and issued from the ATF prior to exportation. A background check is also required when a wholesaler's basic permit is issued. If alcohol is sold at the retail level abroad, no permit is required by the United States. Other countries may mandate specific documentation. Specialists at the ATF can help companies navigate the application process. ATF regulations can be found at www.atf.treas.gov. Find Title 27, Part 252, and the link labeled "Exportation of Liquors." This site explains package stamping, export marks, and other requirements in exporting alcohol.

In addition to the aforementioned goods, many agricultural exports need some form of certification. Details on inspection certificates can be found on the TIC Web site, www.export.gov/tic, under "Answers to Your Export Questions." The document entitled "Inspection Certificates for U.S. Export Products" lists a multitude of products that may require certification or inspection by either the U.S. government or foreign governments.



WHAT OTHER FOOD AND BEVERAGE EXPORT ASSISTANCE DOES THE UNITED STATES PROVIDE?

U.S. Department of Agriculture (USDA). The USDA handles meats, fruits, grains, and other agricultural products. Most food-related assistance is handled by the Foreign Agricultural Service (FAS), which operates programs designed to improve the competitive position of U.S. agriculture in the global marketplace. The FAS assists food exporters by providing a number of services, including trade leads, market reports, and export data. The FAS also organizes and sponsors trade shows and missions worldwide. The trade leads are foreign trade inquiries that FAS offices overseas transmit to the USDA and update daily on its Web site. In addition, the FAS introduces U.S. companies' agricultural products to 20,000 potential buyers in 65 countries through the distribution of its biweekly newsletter, *Buyer Alert*. The FAS also maintains foreign buyer lists containing contact information of more than 23,000 importers of food, farm, forest, and seafood products in 85 countries. The FAS also has a detailed database of U.S. suppliers.

Information on FAS services can be found on the FAS Web site: www.fas.usda.gov. FAS attachés at U.S. embassies can provide information on documentation and licensing requirements needed for destination markets. A directory of these attachés, as well as specific country information, can be found at www.fas.usda.gov/fasposts.html.

U.S. Department of Commerce (DOC). The Office of Consumer Goods at the DOC has industry analysts who specialize in processed foods, beverages, and snack foods. The Office of Consumer Goods provides U.S. processed food export statistics, industry news, special reports, tariff rates on food items, and information on the new NAICS food classification code system that replaced the SIC food classification code. For more information on the Office of Consumer Goods, visit www.export.gov/ocg.

Trade Information Center at the DOC. Tariff rates on food exports, other general market information, and referrals to other government export assistance programs can be obtained by calling (800) USA-TRAD(E).



WHAT OTHER RESOURCES ARE AVAILABLE TO FIND OUT MORE ABOUT EXPORTING FOOD AND BEVERAGES?

Associations that represent the food and beverage industry are also resources for more information on exporting these goods.

Associations for Food and Beverages

The FAS works with industry and trade associations to promote U.S. products abroad and also maintains a list of various associations and groups on its Web site. To access this information, visit the "AgExporter Assistance" page at www.fas.usda.gov/agexport/exporter.html.

Another listing of associations can be found on the Web site of the DOC's Office of Consumer Goods: www.export.gov/ocg. On that site, select the "Food and Beverages" industry link in the left-hand column, and then find the associations listed under "Industry News."

Associations for Alcohol

The Beer Institute: www.beerinst.org

Distilled Spirits Council of the United States: www.discus.org

National Beer Wholesale Association: www.nbwa.org

The Wine Institute: www.wineinstitute.org

International Organizations

Codex Alimentarius: www.codexalimentarius.net

Food and Agricultural Organization: www.fao.org

Ministries of health, agriculture, and fisheries and related agencies: www.fda.gov/oia/agencies.htm

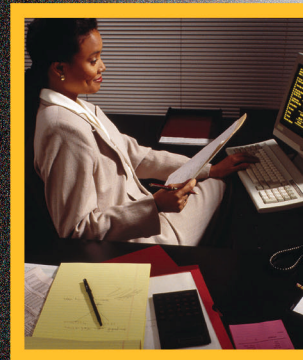
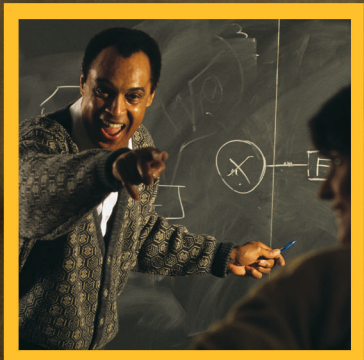
World Health Organization, Food Safety Program: www.who.int/fsf

Other Information

For information about humanitarian shipments, see the "Ask the TIC" article in the August 2002 issue of *Export America*. The on-line version of the article is located at <http://exportamerica.doc.gov> as well as www.export.gov/tic (under "Answers to Your Export Questions"). ■

FOR MORE INFORMATION

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. government's export promotion programs and activities. You, too, can "Ask the TIC" by calling (800) USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's Web site at www.export.gov/tic.



TRADE IN EDUCATION AND TRAINING SERVICES

EXCELLENT OPPORTUNITIES FOR U.S. PROVIDERS

by Jennifer Moll

Office of Service Industries, Trade Development

New information technologies, international trade liberalization, and an unprecedented demand for instruction have transformed the global market for education and training. Generally, the concept of lifelong learning has changed perceptions of the level of education needed to reach personal and professional goals. Individuals and governments increasingly associate education with high living standards and economic competitiveness.

Together, these forces have combined to create a booming global market for higher education and training services. Higher education is increasingly seen not only as a national public service, but also as an international commodity. The Organization for Economic Cooperation and Development (OECD) estimates the value of education services trade for OECD countries at \$30 billion in 1999, equivalent to 3 percent of their total services export trade. This figure only takes into account students studying abroad in higher education and is undoubtedly an underestimate of the current level of trade in education services. In the United States, the education and training sector ranks fifth in exports of services, totalling \$10.7 billion in 2000, according to the International Trade Administration. This figure does

not include the receipts of a growing number of branches and other ventures established overseas by U.S. education service providers.

In this article, the education and training sector includes services defined at the level of postsecondary education as experienced in the United States. Postsecondary education in this case consists of education services ranging from diploma and certificate through doctoral and post-doctoral degrees (including a wide range of educational services that are vocational/occupational as well as terminal degree preparation for scholarship or professional practice).

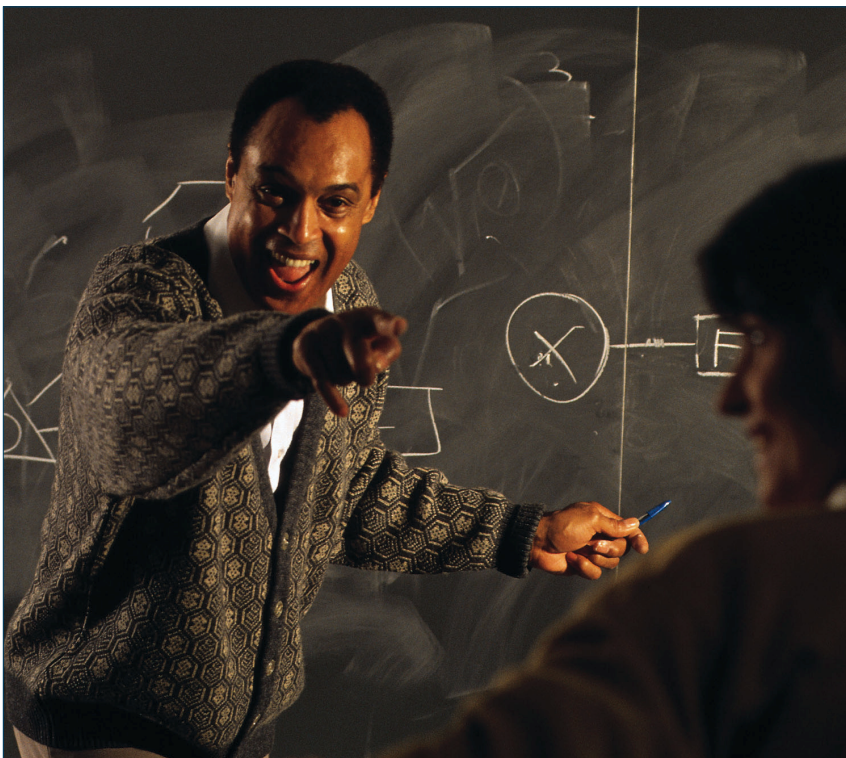
THE INTERNATIONAL MARKET

The education and training services sector is experiencing unprecedented expansion and diversification in the number and variety of higher education and training providers as well as the array of services offered. This diversification is a result of a significant increase in the international demand for education and training. The primary driver of this sizeable demand is the ambition of countries with historically low participation in postsecondary education to expand access at a pace that would be difficult to achieve purely through an expansion of domestic supply. At the same time, the capacity of the public sector to satisfy demand for educational services is also

being challenged by budget limitations, the changing role of government, and increased emphasis on market forces and privatization.

In discussing exports of education and training, often the first thing that comes to mind is study abroad. According to the U.S. Census Bureau, Americans studying abroad increased 17 percent in 2000, and European educational institutions remained the most popular destinations. Education receipts increased 7.6 percent in 2000, to \$10.7 billion (this includes training receipts), following a 6 percent increase in 1999. In 2000, more than 500,000 foreign students were enrolled in U.S. colleges and universities. From an international trade perspective, education and training is a service industry with four modes of supply:

- Cross-border delivery (e.g., a U.S. institution delivers on-line courses to foreign students based in their home countries)
- Consumption abroad (e.g., foreign students come to the United States to study)
- Commercial presence (e.g., a U.S. institution/provider opens a branch campus or training facility in a foreign country through which it offers its courses and programs)



- Movement of persons (e.g., a U.S. institution/provider sends faculty/trainers to teach a course to a group of learners in another country).

International trade in educational services in terms of consumption abroad has been growing steadily for several years. Despite fears of additional terrorist attacks on the United States and its allies, there is reason to expect continued expansion. It is estimated, for example, that Thailand would have to build a new institution serving 10,000 students every year until 2025 in order to fulfill its stated targets for increased access to postsecondary education. Another example is China, which places a high priority on expanding access to postsecondary educational opportunities for its people, but has limited capacity for expansion of supply in light of potential demand. According to the OECD, foreign enrollments are increasing faster than domestic enrollments in tertiary education in OECD countries. However, there are limits to growth in international education and training services under

the category of consumption abroad: high costs to learners as well as space constraints on home campuses and at training facilities. Education and training in Asian countries, for example, is expected to grow outside the traditional university sector, instead involving part-time or short-term courses, for which clients will not always be inclined to travel.

The establishment of branch campuses and the provision of courses and programs on the Internet (e-learning) might together be the wave of the future. Both of these modes of supply provide the student with the opportunity to pursue studies with a foreign provider without incurring the cost of travel. It appears, however, that only a few countries have started to enroll substantial numbers of students on off-shore campuses. Australia and the United Kingdom are often cited as leaders in this area, with demand being greatest for courses in business administration, management and leadership training, language training, and computer and information technology. As for e-learning, it appears to have great

potential. Nevertheless, providers have found the transition from traditional, classroom-based content to virtual content both difficult and expensive. The future of e-learning remains promising but unclear.

OECD-U.S. FORUM

Those with a stake in the sector are starting to realize and promote its importance, including governments and intergovernmental agencies. The joint OECD-U.S. Forum on Trade in Educational Services, held in May of this year at the U.S. Department of Commerce (DOC) in Washington, D.C., served as testimony to this fact. The forum constituted the first major international event on the topic of trade in educational services. It was jointly sponsored by the OECD, the DOC, the U.S. Department of Education, the World Bank, and the Center for Quality Assurance in International Education.

More than 250 participants from around the world attended the two-day forum, including ministers of education, senior trade and education officials, university deans, representatives from private and for-profit providers, students, and members of industry associations and trade unions. The overall aim was to bring together the stakeholders who play an active role in cross-border trade in educational services, in order to discuss policy issues and trends in the trade of these services. Forum presentations addressed key issues covered in this article, including global market conditions, international services trade negotiations, quality assurance, and national policies that help to promote trade in education and training services.

INTERNATIONAL TRADE NEGOTIATIONS

In addition to unprecedented demand, international trade liberalization also enhances the array of export opportunities available to U.S. education and training providers by increasing their access to overseas markets. Education

and training services are currently included in international services trade negotiations under the auspices of the World Trade Organization (WTO), the Free Trade Area of the Americas (FTAA), the U.S.-Chile Free Trade Agreement, the U.S.-Singapore Free Trade Agreement, and services trade liberalization efforts in the Asia-Pacific Economic Cooperation (APEC) forum. (Within the WTO, education and training belong in the General Agreement on Trade in Services, or GATS.) The National Committee for International Trade in Education leads many of the efforts of the U.S. sector by acting as its advocate on matters of international trade policy. Other major U.S. educational associations have more recently become actively involved in providing advice to U.S. trade negotiators, including the American Council on Education and the Council on Higher Education Accreditation.

Although current trends point to a booming global market for higher education and training, providers of these services still face a multitude of barriers when doing business abroad. These barriers include, but are not limited to, national legislation and policies that inhibit foreign education providers from obtaining the national licenses; qualifications authorities that have difficulty recognizing foreign educational credentials; telecommunications laws that restrict the use of national satellites and receiving dishes; foreign-exchange controls that limit direct investment by foreign education providers, place minimum capital investment requirements on foreign owned firms, and assess prohibitively high taxes on all revenue made by foreign entities; limitations on foreign ownership; and disregard for international agreements concerning intellectual property rights.

The GATS, the FTAA, the trade agreements with Chile and Singapore, and APEC all represent potential opportunities for further liberalization and expansion of the global export market for U.S. education and training services. The

DOC's Office of Service Industries is the department's coordinator of all work on international services negotiations, including the GATS. The office also supplies the DOC representative to the Office of the U.S. Trade Representative (USTR) for services delegations.

QUALITY ASSURANCE

For education, there is a critical need to prevent the operation of "diploma mills," which tend to undermine education systems, deceive students, and mislead employers. The advent and growth of on-line education makes even more critical the need for international oversight of the quality of education. Quality assurance and qualification systems remain fundamentally national in character. However, and there is a growing awareness that in the global market for trade in education services, the complexities of the international education market limit national schemes for quality assurance. Some education and training providers envision the creation of an international network or networks to recognize quality and accredit institutions, but credibility for such an arrangement or group of arrangements would take years to achieve. In fact, the prediction of the attendees of the OECD-U.S. Forum was that over the coming years, progress in quality assurance would continue to lag behind the expansion and diversification of the market and that no global body for accreditation or quality assurance would emerge.

That said, it is important to note that regional arrangements have had some success in the area of recognition of qualifications, with two European efforts—the Lisbon Convention and the Bologna Declaration—serving as primary examples. The 1999 Bologna Declaration has the support of European universities and students' associations. The goals of the declaration include a common degree structure on the undergraduate and postgraduate model, a flexible credit transfer and accumulation system, and a European approach to quality assurance.

RESOURCES

U.S. Department of Commerce, Office of Service Industries

Tel: (202) 482-3575; Web site:

www.trade.gov/td/sif

U.S. Export Assistance Center locations

www.usatrade.gov

National Committee for International Trade in Education (NCITE)

www.tradeineducation.org

Study USA 2003

www.susa.gov

Study Oregon

www.studyoregon.org

Study Washington

www.studywashington.com

American Education Expo 2002

www.isnexpo.com

USTR negotiating proposals on education and training services

www.ustr.gov/sectors/services/docsvcs.shtml

EXPORT STRATEGIES/ OPPORTUNITIES

In addition to having responsibility for quality assurance, providers are increasingly looking to national governments to provide support in the area of export promotion. Both the Canadian and Australian governments, for example, have taken a very active role in promoting the exports of their respective higher education and training sectors. Although many U.S. education and training providers would like to see the U.S. government become more active on this front, it is important to note that there are many resources available to assist providers in increasing their awareness and ability to take advantage of export opportunities.

STUDY USA, STUDY WASHINGTON, AND STUDY OREGON

Many U.S. educational institutions looking for cost-effective market promotion turn to Study USA, a DOC Commercial Service trade fair for U.S. education and training providers. Study USA allows exhibitors to increase their visibility in a market and at the same time make important face-to-face connections with their customers and potential customers: students and parents.

The Study USA 2003 tour will feature at least 11 events in nine Asian countries, including India, Thailand, the Philippines, Malaysia, Indonesia, Singapore, South Korea, Taiwan, and Japan. The schedule, which spans late February, March, and early April, allows U.S. providers the flexibility to participate in a portion of the program or all of it, according to their priorities.

In addition to Study USA, U.S. institutions are also embarking on innovative endeavors to promote their programs overseas. Educational institutions in Washington and Oregon are leading a new wave of marketing international education. In the past, many of schools in these states viewed each other as competitors. A few years ago, this all

changed when the schools began to see potential in joining forces in their international marketing efforts.

The result was the creation of two international marketing consortia, Study Oregon and Study Washington. Each consortium was organized with the assistance of the local U.S. Export Assistance Center, which was viewed as a neutral party in bringing together traditional rivals. Although Study Oregon and Study Washington are organized and run slightly differently based on the needs of individual members, there are some common threads that make these consortia dynamic organizations. For example, both consortia focus on marketing their states as attractive destinations for international students. Recognizing that many international students are not as familiar with Washington and Oregon as states such as California, New York, and Florida, Study Oregon and Study Washington focus on raising the profile of their excellent educational and leisure opportunities. Both consortia have developed marketing materials such as Web sites and brochures that highlight their schools and showcase the natural beauty of their states. In addition, by partnering with the U.S. Commercial Service, Study Oregon and Study Washington member schools receive a steady stream of information and potential marketing leads from overseas.

BUYUSA.COM

New York University's School of Continuing and Professional Studies (NYU SCPS) is a leader in international education. In addition to being one of the first educational institutions to receive the President's Export Award for its work to promote U.S. educational services overseas and the number one recipient of international students in the United States, NYU SCPS was one of the first U.S. universities to register on BuyUSA.com. BuyUSA.com is an electronic marketplace that connects U.S. exporters with qualified agents, buyers, and partners overseas. NYU's School of Continuing and Professional

Studies has been using BuyUSA.com to locate agents and partners in countries that they "never would have considered otherwise," says Doug Lynch, assistant dean of NYU SCPS. Lynch was contacted directly by Sharjeel Mufti of Lynx, Ltd., in Paris, France, with an interest in marketing the school's professional studies programs to France's 1,000 largest companies. In July, NYU signed a representational agreement with Mr. Mufti, who is now working to translate NYU's offerings into French and has begun outreach to potential customers. Lynch anticipates "a very fruitful relationship with Lynx," and he mentions that NYU SCPS is already in discussions with other representatives in India and the United Kingdom. According to Assistant Dean Lynch, "BuyUSA is an excellent return on a \$400 investment."

LESSONS LEARNED

The rapidly changing global market for education and training services presents both exciting opportunities and daunting challenges for U.S. providers. The OECD-U.S. Forum provided a starting point for stakeholders to attempt to come to grips with the implications of all of this change. Fortunately, the sector not only has a long tradition of excellence in terms of quality, but it also has outstanding resources such as hardworking international trade negotiators and U.S. Export Assistance Centers at its disposal. For it is through an awareness of international trade agreements; innovative cooperative arrangements with the U.S. government, colleagues, and non-traditional partners; and the provision of world-class services, that the U.S. education and training sector will be able to maintain its reputation as a leader in the global marketplace. ■

Bryan Harmon, New York U.S. Export Assistance Center; Jennifer Woods, Portland U.S. Export Assistance Center; and Susan Gates, Seattle U.S. Export Assistance Center contributed to this article.

EXPORT ACHIEVEMENT CERTIFICATE WINNER

INTERNATIONAL STUDENT NETWORK

"Enlightenment and understanding are our most powerful weapons in combating ignorance, prejudice, and terrorism," notes Babish Soni of the International Student Network (ISN), a United States-based firm whose mission is to promote and increase the accessibility of American education across the globe. Mr. Soni's innovative approach promotes the accessibility of American education to students in the United Arab Emirates. Soni has also made a significant impact on the export of American education into the Gulf region, Latin America, South America, North America, and Asia.

Although U.S. universities continue to open their doors to students from Gulf nations, this valuable export presently remains threatened. Foreigners and Americans alike remain wary of the prospect of international exchange. Foreign students fear for their personal safety in the United States, and Americans are hesitant to admit aliens into the country. Additionally, Australia, Canada, Japan, and the United Kingdom have played up these fears and capitalized on our national tragedy as an iniquitous opportunity to capture our share of the Gulf student market.

Most recently, Mr. Soni has been devoted to the task of organizing what will be the largest American educational exhibition in the world. On October 8–10, 2002, more than 100 U.S. colleges and universities will join together in Dubai, United Arab Emirates, for the American Education Expo 2002.

ISN has worked closely with the U.S. Department of Commerce (DOC) to establish an American-only show in the Gulf region. ISN's chief endeavor is the organization of large-scale education trade shows that allow U.S. colleges and universities to directly and effectively recruit foreign students. "Before ISN initiated the idea of an exclusively American education expo, joining a British trade show was the sole opportunity available to U.S.

universities interested in recruiting students in the Gulf nations," notes Soni. The Gulf student market alone provides a substantial amount of revenue, as more than 4,000 young people from the UAE enroll in U.S. universities annually for post-secondary education. "In addition to offering tremendous social and diplomatic benefits, these students impart an important economic advantage, representing a private citizen and government commitment of over \$40 million dollars," Mr. Soni says. "Before ISN was founded, a great deal of this market was lost to international competitors."

In May 2002, the Commercial Service division of the U.S. Department of Commerce recognized ISN for its innovative achievements. Bruce Blakeman, deputy assistant secretary of domestic operations, presented Mr. Soni with the DOC's Export Achievement Certificate for his tremendous success in entering new markets in the field of educational recruitment.

"It is a great honor to accept the award, but I must acknowledge the fact that the Department of Commerce has played an invaluable role in our success," explains Mr. Soni. United by the common endeavor to promote the education and training sector, the DOC plays a significant role across many levels of ISN's operations. "The department's Commercial Service staff of the many countries in which we organize our expos have provided us an immeasurable amount of aid throughout the years," says Mr. Soni. "The help they provided us in obtaining permission for our shows was truly critical to the success of the expos, and they consistently assisted us with innumerable tasks, such as organizing school visits, printing promotional material, dealing with customs clearance, and placing local advertisements." Soni regards ISN's close relationship with the DOC as key: "We work as a team towards the common endeavor of encouraging this sector. It is often the case that we enter a new market at the department's invitation, and it does an enormous amount to make such expansion possible." ■

A CHINESE EDUCATION

EXPORTING EDUCATION AND TRAINING TO CHINA

by Chris Horner

IOMA's Managing Exports

For Irvine, California-based Network International and its president, Mark Matsumoto, flexibility has always been central to exporting success. In the process, Matsumoto—a former chairman of the Southern California District Export Council—has been in the forefront of helping other small and medium-sized companies exploit expanding post-WTO accession openings in the vast Chinese market—especially for U.S. services exports.

CREATIVE THINKING

Having succeeded in less than a decade in expanding from home products sold

produced, for example, a successful “Global Matchmaking Event” in conjunction with the National Association of Broadcasters Show in Las Vegas in April 2001 and 2002.

“Now we’ve begun marketing specially designed, short-term training for foreign executives both in southern California and Las Vegas,” says Matsumoto. “The company currently has representative agents in Japan, China, and South Korea.” It is this latest strategy for NI that took Matsumoto to China.

TRADE MISSIONS TO CHINA

“NI’s China business has been an outgrowth of participating in the Riverside, California-Jiangmen, China

Matching Service during the November 2001 visit,” he notes. (The Gold Key Matching Service pairs U.S. companies with pre-screened foreign companies interested in partnerships.)

“That trade mission helped me appreciate the challenging road American companies face selling in China, because the quality and reach of the manufacturing capacities of local Chinese firms have improved so rapidly in the last few years,” Matsumoto says. There was something else Matsumoto noticed as well, however. “Almost all of the factories NI toured were lacking in professional management, market research, and general business training,” he explains. “The overriding need, according to the

HOW DID A U.S. COMPANY FOUNDED IN 1989 TO PIONEER SALES OF HOME PRODUCTS LIKE KITCHEN WASTE DISPOSALS IN JAPAN, LAND A SERVICES CONTRACT IN 2002 WITH ONE OF THE LARGEST TRAINING COMPANIES IN SOUTHERN CHINA—TO TRAIN LOCAL CHINESE MANAGERS AND EXECUTIVES?

in Japan to exports including food service equipment, commercial waste disposals, highway safety products, and water purification equipment to markets throughout Asia and Europe, Matsumoto might reasonably have taken a pause to pat himself on the back. However, Network International’s founder was already looking ahead to the next challenge. “I recognized that there was a growing demand for international event coordination, training, and professional consulting, and NI has branched out in that direction over the last two years,” he explains. NI

Sister City Trade Mission in November 2001, and follow-up visits to Guangzhou, China,” Matsumoto explains. Matsumoto is a great believer in taking advantage of the export assistance programs offered by the U.S. government, and he has high words of praise for the U.S. Export Assistance Center in Newport Beach, California, and the U.S. Foreign Commercial Service post in Guangzhou—both of which were instrumental in setting up appointments with qualified potential Chinese customers. “We employed the Commerce Department’s Gold Key

Chinese executives we met, is for their firms to acquire ‘human capital,’” Matsumoto recalls. “This was prevalent across virtually all sectors, manufacturing and service alike.”

Recently, Matsumoto returned to China with a delegation led by the Riverside Community College (RCC) Economic Development Department, consisting of nine business executives and economic development specialists from southern California. “This trip really reinforced the lucrative opportunities that await U.S. companies in the

service sector,” he explains. The mission was designed to identify and pursue educational, training, and professional services opportunities driven by China’s recent admission into the World Trade Organization. “The RCC delegation visited Jiangmen City and Guangzhou in the Pearl River Delta area and was hosted by the local Party organization,” Matsumoto comments. The delegation met with representative industry firms including major producers.

SECURING BUSINESS

As a result of this trip, Network International, in collaboration with RCC, won a contract with one of the largest training companies in southern China. “In addition, we are also in the final stages of completing a memo of understanding with the primary economic development agency in Guangdong Province, that should serve as a pipeline for many future education and training contracts in southern China,” Matsumoto says.

“NI was retained by RCC in acceptance by the Guangzhou partner to personally deliver the initial training seminars in Guangzhou, to develop on-line content for expanded e-learning training, and to vet and qualify local trainers living in the Guangzhou region,” Matsumoto notes. The contract also involves inbound delegations of Chinese executives for short-term training in Las Vegas and southern California. “This technical training is in areas such as finance, import-export, logistics, economic development, and doing business in the U.S.,” he explains.

“China regards American training and professional know-how as the best in the world, but keen competition awaits U.S. firms from Australian, Canadian, U.K., and other European companies that are moving rapidly to fill the huge education and training demands in China,” Matsumoto points out. “Ultimately, the successful service provider must localize presentation and



content for diffusion to a broad audience in China,” he adds.

The contract NI and RCC have signed is potentially quite lucrative. “The value of a single outbound (on-site training in China) contract can vary from \$5,000 to \$50,000, including expense recovery, depending on the length of stay,” he explains. An inbound executive training program can be worth \$3,000 to \$5,000 per participant for a two-week course. The executive training delivered in southern California will also involve the California Community Colleges network, Ed>Net, and the University of California Extension program.

SERVICES EXPORTS

Matsumoto sees more opportunities in the services exports arena. “China’s continued economic growth may well depend on further development of its service sector,” he explains, “including services such as banking, insurance, and securities; management consulting; telecommunications and IT; tourism; education and training; retail; and engineering services.”

Looking to meet some of these needs, Matsumoto is currently working with RCC’s Center for International Trade to develop a “service industry incubator” for southern Californian companies. “The China-Southern California Service Initiative will provide one-on-one consultation, access to pre-qualified buyers and partners via an on-line portal, coordination of reverse trade missions, and subsidized participation in overseas trade shows,” he says. ■

Further Information:

Network International:
www.nitrade.com

Riverside Center for International Trade: www.rcchelpsbusiness.com

U.S. and Foreign Commercial Service:
www.usatrade.gov

The author is editor of IOMA’s
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www.ioma.com

ON DEC

THE ANNUAL DEC CONFERENCE RESULTS IN EXCHANGE OF GOOD IDEAS

by Cory Churches
Export America

This year the U.S. Department of Commerce hosted the annual conference of the District Export Councils, or DEC. Held in Washington, D.C., the event spanned three days in early June. Delegates met with senior government officials, as well as one another, to discuss best practices and trade and legislative issues.

"Having the meeting in Washington gave us access to the people doing the daily business," says Margaret Gatti, chairperson of the Mid-Atlantic DEC. "The briefing from Peter Davidson, general council of the U.S. Trade Representative, was very informative. I was able to ask a burning question regarding the treatment of rules of origin and how that would be handled in the proliferation of trade agreements. Currently, the NAFTA rules of origin are so complex that some companies don't take advantage of the benefits."

Appointed by successive secretaries of commerce, DEC. are organizations comprised of volunteer leaders from local business communities, whose knowledge of international business provides a collective source of professional advice for firms in their regions. For more than 25 years, DEC. have assisted local companies to export, thereby promoting our collective economic growth, employment, and business stability.

Closely affiliated with the U.S. Export Assistance Centers, the 58 DEC. combine the expertise of more than 1,500 exporters, as well as private and public export service providers throughout the United States.

PUBLIC-PRIVATE PARTNERSHIPS

Commerce Secretary Don Evans welcomed the DEC. members and recognized their important role in providing export assistance. He cited their sponsorship of trade promotion events and seminars for local businesses as two notable examples of service to local exporters. He discussed the increasingly global world fostered by free trade, the Internet, and the rapid sharing of commercial information. He then took

a moment to recognize the 17 small and medium-sized companies and organizations that received the President's "E" Award for Excellence in Exporting. Evans also emphasized the impact that local companies have in promoting America's economic growth and prosperity.

NATIONAL EXPORT STRATEGY

Grant Aldonas, undersecretary for international trade, discussed the latest *National Export Strategy*, released by the Trade Promotion Coordinating Committee (TPCC). This year marks the reinvigoration of the TPCC, a group of more than a dozen U.S. government agencies and departments, chaired by the secretary of commerce.



Grant Aldonas discusses this year's National Export Strategy with DEC members during lunch. He emphasized the focus on improved customer service and export opportunities.

Photo courtesy of U.S. Department of Commerce

The 2002 *National Export Strategy* presents 60 recommendations with an overall goal to ensure that all U.S. companies interested in exporting can join the global economy. Key recommendations include improving customer service and the aggressive pursuit of new export opportunities for U.S. firms. Another significant component of the report is a survey of 3,000 small and medium-sized enterprises (SMEs). The survey found that 30 percent of U.S. SMEs that do not currently export have an interest in doing so, and of those that do export, two-thirds export to only one market.

REINVIGORATING THE DEC

Maria Cino, director-general of the Commercial Service, challenged the DEC members to establish performance-based strategic plans that focus on mentoring, trade promotion, and building awareness of the programs and efforts of the local U.S. Export Assistance Centers. Cino encouraged DEC members to work to prevent the Commercial Service from being the “best-kept secret” in government.

Members, like Madeline Grant, take their role as DEC members seriously. Grant says, “Having been an intern at Commerce, client of Commerce, and now DEC member for quite some time, one of the most rewarding parts of the volunteer process is mentoring Commerce clients who are launching their export programs. When these new-to-export companies have an opportunity to meet with someone who is actually doing ‘it’ (exporting, that is) they often walk away with the confidence to take the plunge. We may have solved a nitty-gritty problem that had become a major road block, instilled confidence, or negotiated a major contract—either way, the new-to-export company can say ‘if they can do it, so can I.’”

COMING TOGETHER TO SWAP IDEAS

During the conference, there were several opportunities for members to hear



A panel representing the majority and minority staffs of congressional subcommittees participates in a discussion of trade issues with DEC members.

Photo courtesy of U.S. Department of Commerce

from one another about programs, outreach efforts, and initiatives that could be used in other locals. For example, the Indiana DEC presented its methodology for revitalization that will enable the DEC to meet its strategic goals. Steps include screening membership against a point system; creating a position description; designating ex-officio members; surveying members and providing them opportunities for active involvement; and empowering regional chairs. The DEC has also developed ways to measure its success.

The New Jersey DEC is working with local universities to conduct an “export user needs survey” that will assist the DEC develop programs, instructional aids and incentives to promote local exports. The survey asks successful exporters about their experiences and recommendations. Results will be shared with local export promotion groups as well.

The West Virginia DEC created a highly successful e-newsletter to communicate export activities and issues to local exporters, media, state leaders, overseas posts, government agencies, congressional representatives, and other DEC members. The e-newsletter is a fundamental way for the DEC to fulfill its mission.

On the first full day of the conference, members spent the morning hearing from congressional staff members on

issues ranging from trade promotion authority to appropriations for trade programs. Later the same day, during one of several roundtable sessions, members discussed major regulatory changes instituted as a result of last September’s terrorist attacks.

“It’s great to hear from the upper management of the Department of Commerce regarding the changes taking place to provide better outreach and support for smaller exporting companies,” says Mark Matsumoto of Network International, former chairman of the Southern California DEC and long-time client of the International Trade Administration. “Each DEC is doing creative and innovative things in their communities, and it’s refreshing to come together to share new ideas.”

This year’s conference effectively brought together trade policy leaders and industry participants to discuss liberalizing global markets, reinvigorating the DEC members, and promoting the value of the Commercial Service to a larger audience.

The San Diego District Export Council will host the 2003 National Conference in September. ■

Interested in taking advantage of DEC services? Contact your local Export Assistance Center, a list of which is on the back cover of the magazine.

UPCOMING TRADE EVENTS

SEPTEMBER 2002–JANUARY 2003

DATES	EVENT	LOCATION
Sept. 19–20, 2002	RepCan Montreal Matchmaker RepCan Montreal 2002 is designed to help small American firms establish long-term business relationships in the Canadian market. The United States is Quebec's seventh-largest trading partner, with more than 40 percent of its imports coming from the United States. Montreal, with an annual economic production estimated at \$70 billion, ranks as the number one city in North America for density of high-tech jobs.	Montreal, Canada
Sept. 25–28, 2002	Manufacturing Indonesia 2002 Manufacturing Indonesia is the largest manufacturing show in Indonesia, and it is the only event of its kind targeted solely to trade professionals. In 2001, this show brought together 1,151 exhibitors in nine national pavilions, and it registered 26,861 industry professionals from over 30 countries representing a broad spectrum of manufacturing sectors.	Jakarta, Indonesia
Sept. 26–29, 2002	Aquatech 2002 Aquatech is one of the largest and most important events in the water sector. It draws not only Europeans but a worldwide audience. The American Product Literature Center offers smaller companies a very cost-effective market introduction and contact with potential representatives.	Amsterdam, The Netherlands
Sept. 30–Oct. 2, 2002	Golf Europe Golf Europe is a specialized show for golf course operators. Germany itself is the fastest-growing and fifth-largest foreign market for U.S. golf equipment. The focus of the show is on golf equipment, accessories, apparel, and other golf-related products.	Munich, Germany
Oct. 2–5, 2002	Expo Hormigon This fair, owned by the Chilean Cement and Concrete Institute (ICH), is a technology transfer show with real, life-sized construction demonstrations and booths for U.S. firms to show their technologies. This is a very important sector in Chile, where most construction uses concrete instead of wood.	Santiago, Chile
Oct. 7–12, 2002	The Bucharest International Trade Fair The Bucharest International Trade Fair is the leading commercial event in Romania and one of the most prominent trade fairs in Eastern Europe. It is a general technical fair, with a strong emphasis on industrial equipment and industrial consumer goods.	Bucharest, Romania
Oct. 8–12, 2002	Machine Tools and Robotics Catalog Show The catalog show will take place in connection with the technical fair, which is the leading Scandinavian industrial trade fair, attracting visitors from northern European and Baltic Sea countries. The product groups include machine tools, robotics, industrial IT, special welding, and other industrial techniques.	Stockholm, Sweden
Oct. 10–13, 2002	CEO Mission at Expopharm '02 Expopharm '02 is Europe's largest pharmaceutical, over-the-counter products, and health supplements show, with over 450 exhibitors and over 20,000 trade-only visitors from 67 countries. The Corporate Executive Office (CEO) at Expopharm is organized by the U.S. Department of Commerce to provide an alternative to exhibiting individually.	Berlin, Germany
Oct. 13–16, 2002	ADIPEC 2002 This is the 20th Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC). Organized every two years, ADIPEC is the premier oil and gas event in the Middle East and North Africa, and one of the largest in the world.	Abu Dhabi, United Arab Emirates

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HIGHLIGHTED EVENTS

AEROSPACE BUSINESS DEVELOPMENT MISSION

OCTOBER 14-18, 2002
DURBIN AND JOHANNESBURG,
SOUTH AFRICA

The Office of Aerospace is organizing a trade mission to South Africa. The purpose of the mission is to create a forum for U.S. companies to explore the many trade and investment opportunities resulting from plans for significant regional airport modernization and enhanced aircraft maintenance operations throughout South Africa.

The Commerce Department will arrange for mission members to participate in meetings with high-level civil aviation decision-makers from South Africa's public and private sectors. Local U.S. business representatives and embassy officials will brief mission delegates on these business opportunities.

Recent structural changes in the South African economy have encouraged the participation of private companies in activities traditionally pursued by the state. These changes bring extensive trade opportunities for foreign businesses in South Africa's aerospace sector, a sector specifically targeted for growth by the South African government. Also, South African companies are being encouraged by their government to partner with international firms.

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EUROPEAN BANKING TECHNOLOGY FAIR

OCTOBER 28-31, 2002
FRANKFURT, GERMANY

The European Banking Technology Fair (EBTF), regarded as the most important meeting place in the European financial services industry, offers exhibitors about 30,000 square meters to present products, systems, and concepts that support the financial services industry. These exhibitors include IT and technology companies, software makers, and consultants. Visitors include senior executives in the industry who make acquisition decisions for their companies. Last year's fair attracted about 9,000 visitors to the banking congress, various workshops, and expert discussions featured at the fair. As its main service to new American exhibitors with no representatives on the ground, the Commercial Service offers them an opportunity to participate in its Product Literature Center (PLC). For a fee of \$400, the PLC will exhibit the catalogs and promotional materials of U.S. companies at the fair. In addition, the Commercial Services' experienced personnel will answer visitors' inquiries on behalf of the companies and give the companies a list of screened business contacts after the event.

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DATES	EVENT	LOCATION
Oct. 15–18, 2002	R&D in Life Sciences and REACH for Process Solutions The international trade show for life sciences research has joined with REACH for Process Solutions to form this event. The show takes advantage of Basel as a European center for the pharmaceutical and chemical industries. Some 200 relevant companies are headquartered in the area. All of these large companies will contribute to the conference, which will be attended by over 1,500 researchers and industry representatives.	Basel, Switzerland
Oct. 16–19, 2002	New Earth 2002 New Earth is an environmental business event held in Osaka every three years, and it is the largest environmental trade show in western Japan. The show features a wide range of products and services for sectors such as water treatment, energy, and air pollution prevention.	Osaka, Japan
Oct. 29–Nov. 1, 2002	Fire Rescue Safety & Security Expo Security and safety equipment and services are in high demand in Indonesia and represent an excellent opportunity for U.S. suppliers.	Jakarta, Indonesia
Nov. 4–8, 2002	Laboratory, Analytical, and Scientific Instruments Brussels, Belgium, and Utrecht, the Netherlands, are the stops for a laboratory, analytical, and scientific instruments matchmaker trade delegation. The focus of the delegation will be to match participating U.S. companies with qualified agents, distributors, representatives, licensees, and joint venture partners in these markets.	Brussels, Belgium; Utrecht, The Netherlands
Nov. 6–8, 2002	Metal Mecanica 2002 This is the fourth international exhibition and conference for precision metal forming, steel construction, manufacturing, transportation, welding, electro-mechanical technologies, and related arts and sciences. This event attracts more than 200 exhibitors and 4,500 professional trade visitors.	Mexico City, Mexico
Nov. 13–17, 2002	Aviex 2002 Air Show This business forum and exhibition is for the general aviation industry. This year's annual Airline Pilots and Owners Association Conference will be held in conjunction with Aviex. The professional environment will enable small and medium-sized companies to gain exposure for their products and services.	Sydney, Australia
Nov. 29–Dec. 8, 2002	Essen Motor Show This is Europe's largest trade event for automotive specialty products. It focuses on customizing and tuning. It attracts close to 400,000 visitors from the specialty equipment trade as well as car enthusiasts from the general public.	Essen, Germany
Dec. 2–7, 2002	ITU Telecom Asia 2002 This fair will be the largest and most successful regional telecom event ever, attracting world and regional leaders from telecommunications industries and information technology fields, as well as key government officials from across the region. More than 30,000 buyers and 20,000 exhibitors will be present.	Hong Kong
Jan. 8–11, 2003	Heimtextil Heimtextil is the world's largest and oldest textile and home furnishings trade fair in the world. OTEXA has sponsored a U.S. pavilion for the past 21 years. Heimtextil is sponsored by Messe Frankfurt.	Frankfurt, Germany
Jan. 16–19, 2003	Matka Travel Fair 2003 The International Matka Travel Fair takes place annually and is the largest travel fair in Scandinavia by number of visitors. In 2002, more than 74,500 travel trade professionals and consumers visited the fair.	Helsinki, Finland
Jan. 24–27, 2003	Salon International Lingerie Salon Paris Lingerie show is the most important trade show for this sector. It is the world's largest trade fair for lingerie, with more than 480 lingerie brands and over 230 fabric brands exhibiting.	Paris, France

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Laboratory Scientific Instruments	Bill Kutson Tel: (202) 482-2839 E-mail: William.Kutson@mail.doc.gov
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SECRETARIAL BUSINESS DEVELOPMENT MISSION

**NOVEMBER 12-15, 2002
ACCRA, GHANA, AND JOHANNESBURG,
SOUTH AFRICA**

Secretary of Commerce Donald L. Evans will lead a senior-level business development trade mission to Accra, Ghana, and Johannesburg, South Africa, on November 12-15, 2002. The delegation will include approximately 15 U.S.-based senior executives of small, medium-sized, and large U.S. firms representing telecommunications equipment, computers, pharmaceuticals, electrical power systems, construction, and health care sectors. These key sectors reflect Africa's infrastructure needs, the growth of a consumer society, and the increase in manufacturing created by the Africa Growth and Opportunity Act (AGOA).

The overall focus of the trip will be commercial opportunities for U.S. companies, including joint ventures, presented by the continuing market liberalization and privatization in these countries. In both Ghana and South Africa, briefings and one-on-one business appointments will be arranged for members of the business delegation.

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U.S. PAVILION AT PHILCONSTRUCT 2002

**NOVEMBER 14-17, 2002
MANILA, PHILIPPINES**

The U.S. pavilion at Philconstruct 2002, the 12th Philippine International Construction Machinery and Building Materials Exposition, will feature products and services under the following categories: architectural and interior design, building technologies, cleaning and maintenance, environment planning, flooring, heavy equipment, information technology, interior decorating products, light to heavy construction equipment, safety and security, tools and hardware, and housing technology. More than 300 exhibitors from at least 20 countries are expected to occupy over 800 square meters of exhibition space. Significant business and networking opportunities abound with the gathering of 30,000 industry professionals and end users.

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**A full listing of upcoming trade events
is available via <http://export.gov>.**

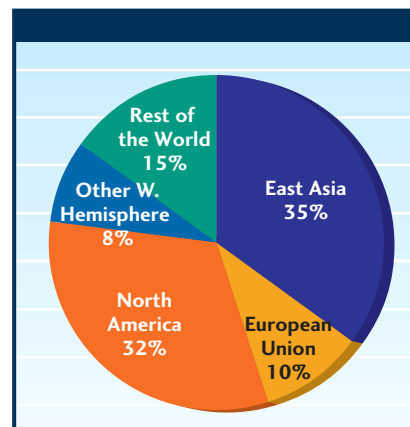
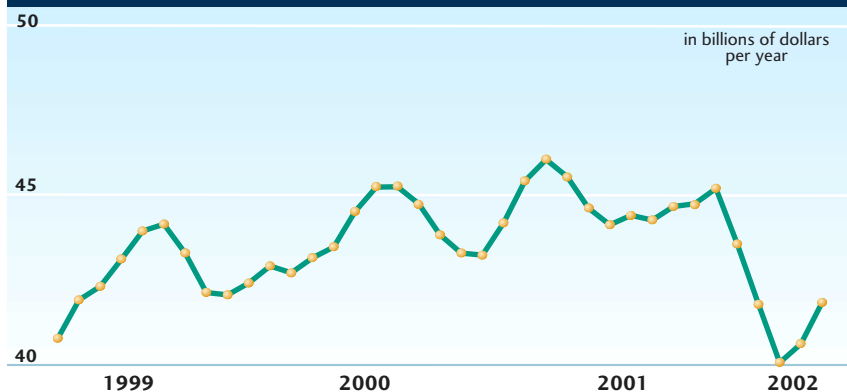
TRENDS AND DESTINATIONS IN U.S. EXPORTS

PART I

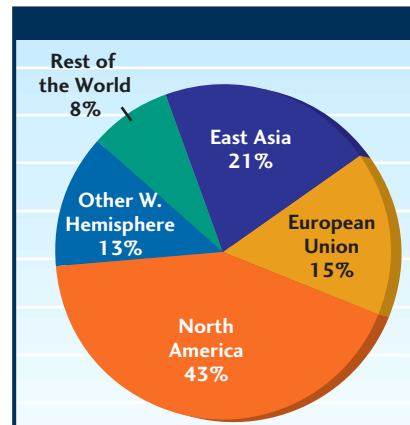
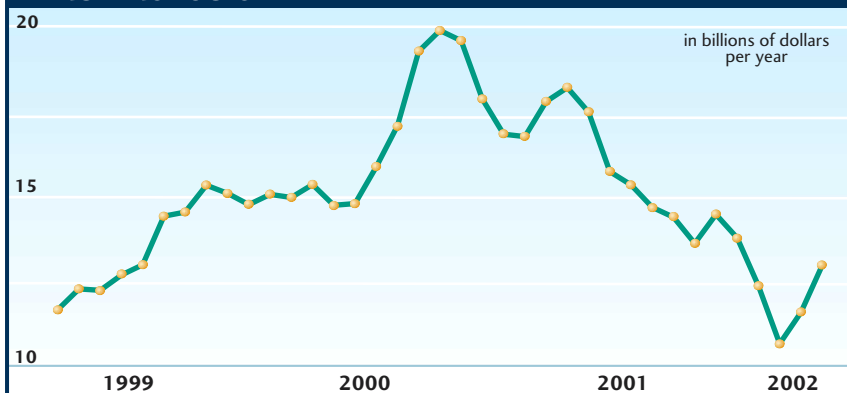
This month we present trends and global destination information for 14 categories of exports, drawn from the food and energy, transportation equipment, machinery, electronic and instruments groupings that appear regularly in these pages.

FOOD AND ENERGY

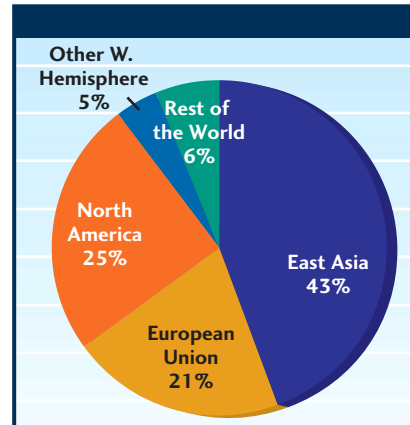
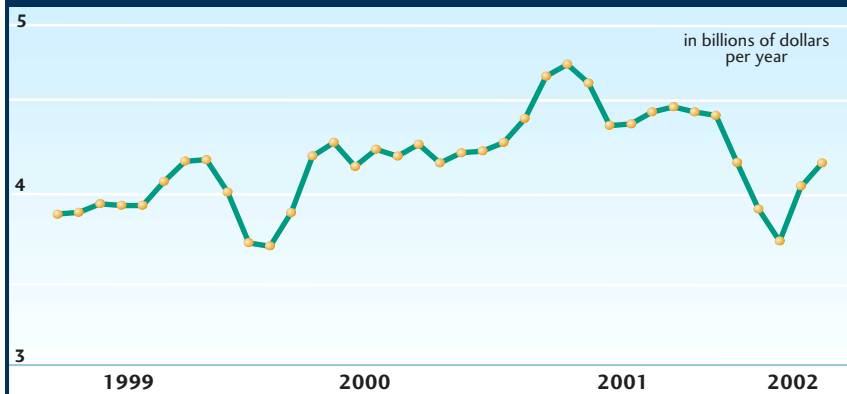
GRAINS AND FEEDSTUFF



ENERGY PRODUCTS

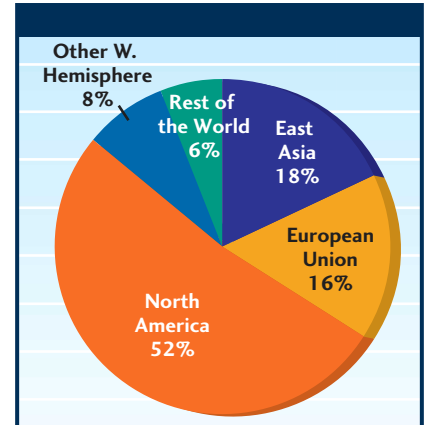
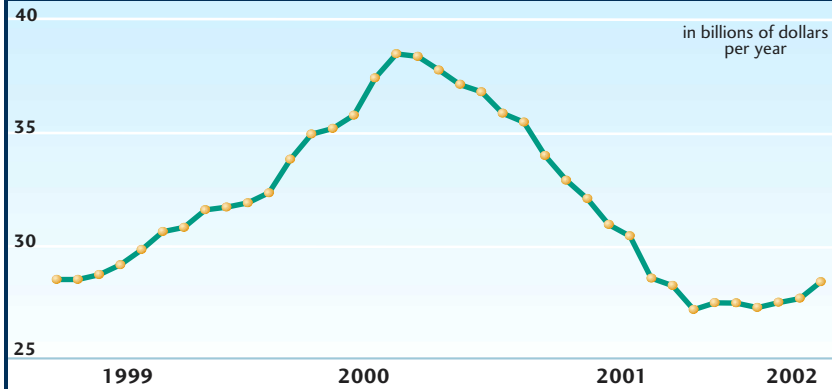


OTHER FOODS

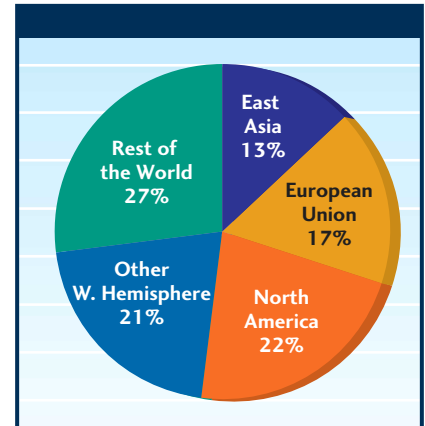


MACHINERY

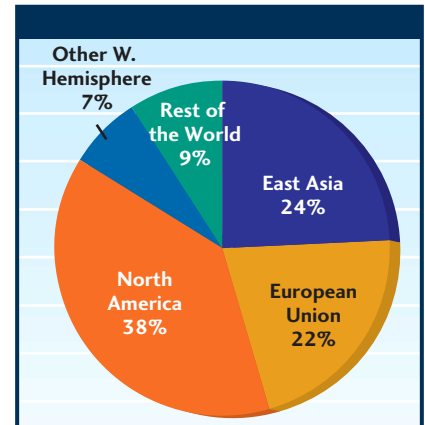
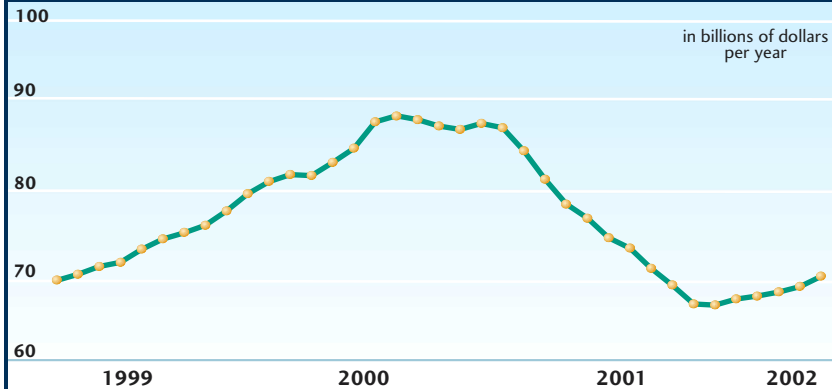
ELECTRIC MACHINERY



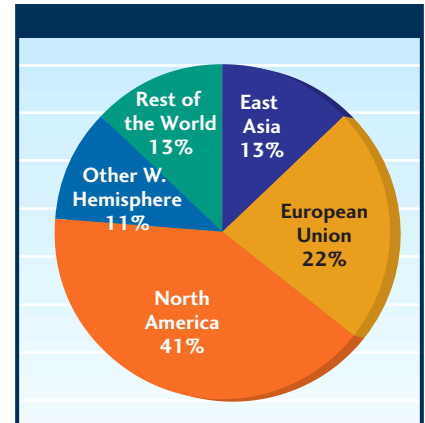
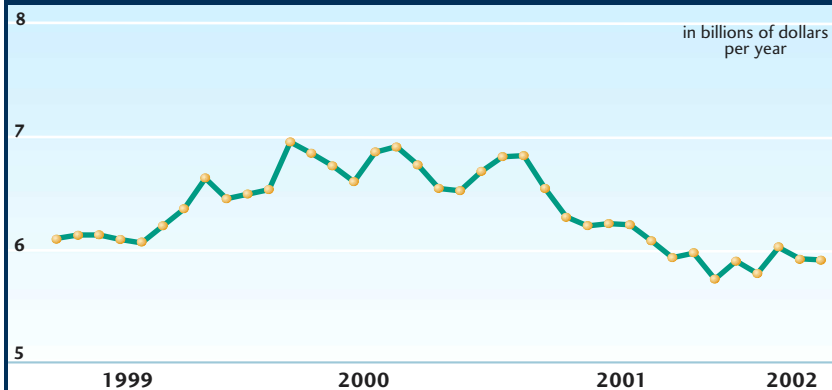
MINING AND CONSTRUCTION EQUIPMENT



INDUSTRIAL EQUIPMENT

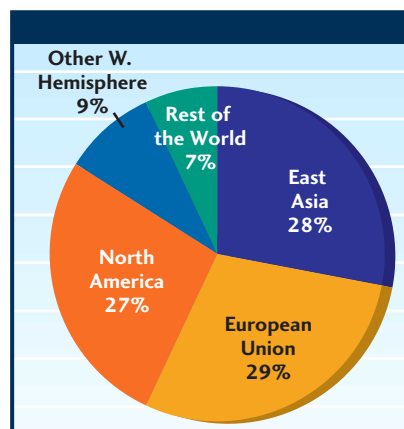
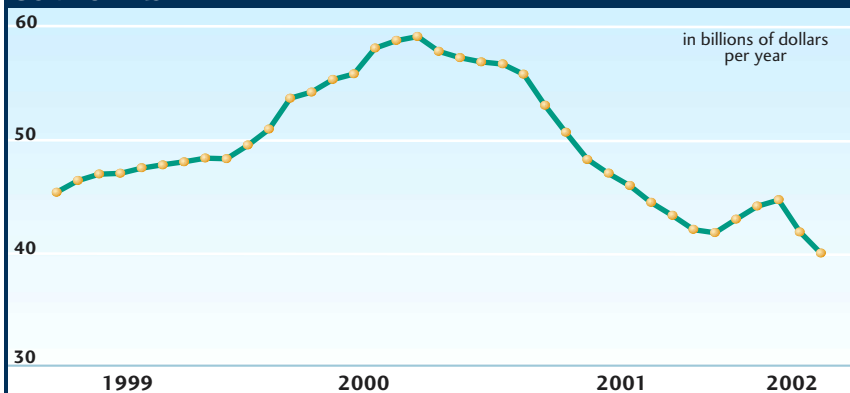


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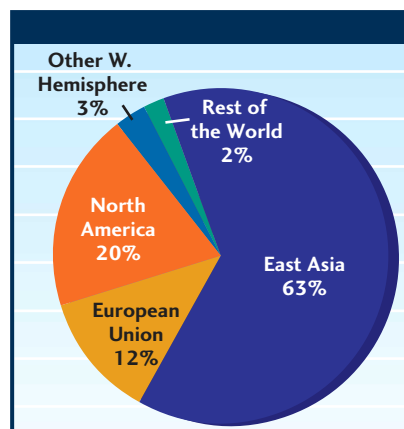
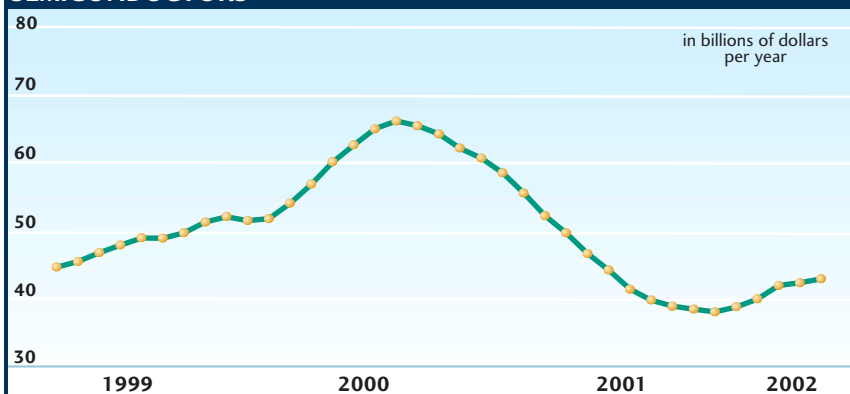


ELECTRONICS AND INSTRUMENTS

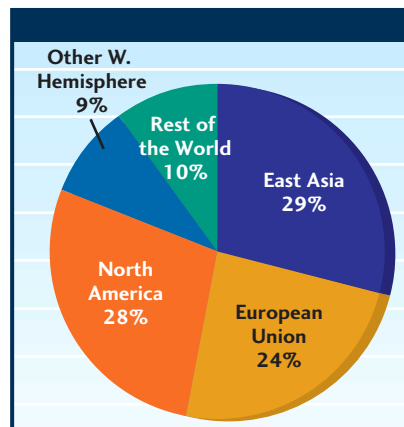
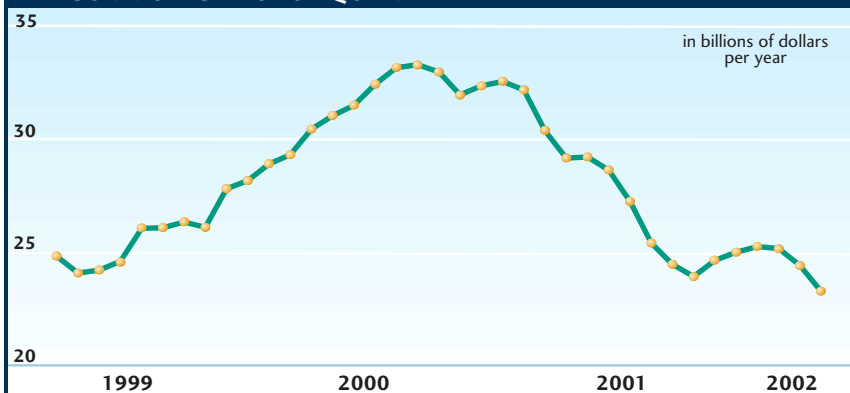
COMPUTERS



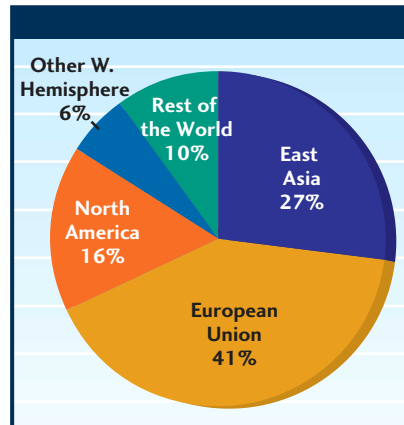
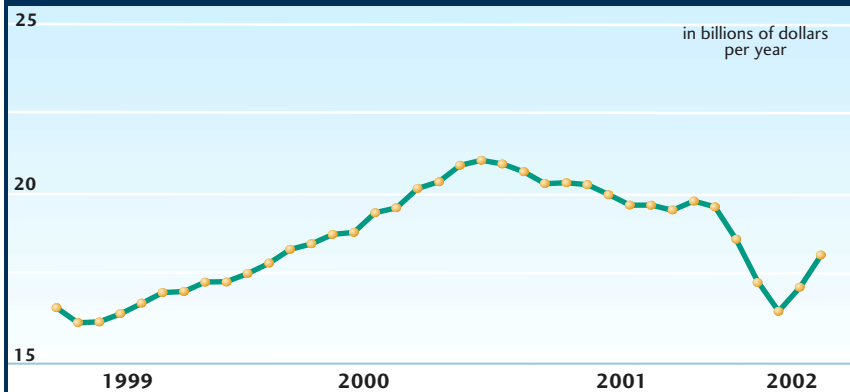
SEMICONDUCTORS



TELECOMMUNICATIONS EQUIPMENT



INSTRUMENTS



U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
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Reno (775) 784-5203

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Toledo (419) 241-0683

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Tulsa (918) 581-7650

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